

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

**THE ISSUE OF A SHARES BY TIMES NEW MATERIAL,
A SUBSIDIARY OF THE COMPANY, TO TARGET SUBSCRIBERS
INCLUDING CRRC CAPITAL HOLDINGS**

ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENT

The Board hereby announces that, on 26 December 2023, Times New Material, a non-wholly-owned subsidiary of the Company, entered into the Share Subscription Agreement with CRRC Capital Holdings, pursuant to which CRRC Capital Holdings agreed to subscribe for A shares to be non-publicly issued by Times New Material for a total subscription price of not more than RMB661.31 million. Upon completion of the Issue, Times New Material will remain a subsidiary of the Company.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, CRRC Capital Holdings is a wholly-owned subsidiary of CRRC GROUP, and CRRC GROUP is the controlling Shareholder directly holding 51.40% of the shares of the Company, therefore CRRC Capital Holdings is a connected person of the Company under the Hong Kong Listing Rules. In addition, the entering into of the Share Subscription 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 Share Subscription Agreement exceeds 0.1% but is less than 5%, the transaction shall be subject to the relevant 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 26 December 2023, Times New Material, a non-wholly-owned subsidiary of the Company, entered into the Share Subscription Agreement with CRRC Capital Holdings, pursuant to which CRRC Capital Holdings agreed to subscribe for A shares to be non-publicly issued by Times New Material for a total subscription price of not more than RMB661.31 million. Upon completion of the Issue, Times New Material will remain a subsidiary of the Company.

2. SHARE SUBSCRIPTION AGREEMENT

2.1 Date

26 December 2023

2.2 Parties

- (1) Times New Material (as the issuer); and
- (2) CRRC Capital Holdings (as the subscriber).

2.3 The Issue and the Subscription

Times New Material intends to issue A shares of not more than 30% of its total shares (i.e. 247,361,446 shares) prior to the Issue to not more than 35 target investors, and CRRC Capital Holdings has agreed to subscribe for A shares to be issued by Times New Material to target subscribers in cash for an amount not more than RMB661.31 million, accounting for 50.87% of Times New Material's current financing scale. The details of the Issue and the Subscription are as follows:

(1) Nominal value and class for the Issue

The shares to be issued in the Issue are domestic listed ordinary shares denominated in Renminbi (A shares) with a nominal value of RMB1.00 each.

(2) Pricing principles and subscription price for the Issue

The Pricing Benchmark Date for the issue of shares to target subscribers is the first day of the issue period. The issue price shall not be lower than the higher of 80% of the average trading price of the A shares of Times New Material for the 20 trading days preceding the Pricing Benchmark Date, and the net assets per share attributable to ordinary shareholders of the parent company as shown in the latest audited accounts of Times New Material as of the Pricing Benchmark Date (i.e. the floor price of the Issue, rounded up to the nearest two decimal places).

The average trading price of A shares for the 20 trading days preceding the Pricing Benchmark Date = total trading amount of A shares for the 20 trading days preceding the Pricing Benchmark Date / total trading volume of A shares for the 20 trading days preceding the Pricing Benchmark Date.

Based on the aforementioned floor price of the Issue, subject to the obtaining of approval of SSE and the consent of CSRC for the registration, the final issue price shall be determined by the board of directors of Times New Material and its authorized persons under the authorization granted by the shareholders' general meeting through negotiation with the sponsor (the lead underwriter) based on the subscription quotation of the issuing targets in compliance with relevant regulations of SSE and CSRC. CRRC Capital Holdings accepts the final issue price determined based on the results of bidding and does not participate in the bidding, and its subscription price for the shares will be the same as the subscription price for the other issuing targets.

(3) Number of shares for the Issue

(a) The number of shares to be issued by Times New Material shall not exceed thirty percent (30%) of the total number of its shares prior to the Issue, i.e. 247,361,446 shares, and the final number of shares to be issued shall be subject to the number of shares to be approved by SSE and agreed to be registered by CSRC.

- (b) CRRC Capital Holdings shall subscribe for the shares to be issued by Times New Material to target subscribers in cash for an amount not more than RMB661.31 million, accounting for 50.87% of Times New Material's current financing scale, and at the same price as the other subscribers' as described in clause (2) of this section. The specific number of shares to be subscribed for shall be finalized by the two parties by signing the supplemental agreement within three working days from the date of price determination as described in clause (2) of this section. At that time, the Company will duly perform its information disclosure obligations in accordance with Hong Kong Listing Rules. Upon completion of the Issue, Times New Material will remain a subsidiary of the Company.
- (c) In the event that Times New Material implements ex-entitlement or ex-dividend activities (such as dividends distribution, bonus issue, and the conversion of capital reserve to share capital) that result in the adjustment of share price during the period from the Pricing Benchmark Date of the Issue to the issue date, the issue price and the number of shares to be issued shall be adjusted in accordance with the relevant rules of SSE. Adjustments will be made as follows:

Distribution of cash dividends: $P_1 = P_0 - D$

Bonus issue or conversion of capital reserve into share capital:
 $P_1 = P_0 / (1 + N)$

Where both of the activities are carried out simultaneously:
 $P_1 = (P_0 - D) / (1 + N)$

Where P_1 denotes the issue price after the adjustment; P_0 denotes the issue price before the adjustment; D denotes cash dividend per share; and N denotes the number of bonus shares or converted shares for each share.

- (d) During the period from the date of announcement of the resolution by the board of directors of Times New Material on this transaction to the issue date, if SSE and CSRC implement an adjustment policy for the determination of the issue price, the issue price and the number of shares to be issued will be adjusted accordingly.

(4) *Listing arrangement*

The shares offered in the Issue will be listed on SSE. The specific listing arrangement of the shares will be determined after consultation with CSRC, SSE, and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

(5) *Subscription method*

CRRC Capital Holdings shall subscribe for the shares to be issued by Times New Material in cash.

(6) *Arrangements for accumulated undistributed profits prior to the Issue*

Upon completion of the issue of shares to target subscribers, the accumulated undistributed profits of Times New Material prior to the Issue will be shared between the new and existing shareholders after the Issue.

2.4 Payment, Capital Verification and Share Registration

- (1) After Times New Material obtains the approval issued by SSE and the consent of the CSRC to the registration, and the Share Subscription Agreement comes into force, Times New Material or the sponsor (lead underwriter) engaged by Times New Material for the Issue shall send a written payment notice to CRRC Capital Holdings in accordance with the scheme of the Issue filed with the CSRC, and CRRC Capital Holdings shall, within fifteen (15) working days from the date of receipt of such payment notice, transfer the subscription funds in one lump sum to an account specially opened by the sponsor for the Issue, and then transfer such funds to Times New Material's special deposit account for the proceeds of the Issue after verifying the capital.
- (2) Upon receipt of the subscription funds for the Issue paid by CRRC Capital Holdings, Times New Material shall engage an accounting firm with qualifications for securities and futures business to conduct capital verification and issue a capital verification report, which shall be issued no later than three (3) working days after the date on which CRRC Capital Holdings transfers the subscription funds into the account specially opened by the sponsor for the Issue in accordance with clause (1) of this section.

- (3) Times New Material shall, within five (5) working days from the date on which the capital verification report is issued, apply to SSE and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and complete the registration procedures for the corresponding shares subscribed for by CRRC Capital Holdings under the name of CRRC Capital Holdings.
- (4) Meanwhile, Times New Material shall, within twenty (20) working days from the date on which the capital verification report is issued, complete the registration formalities of industrial and commercial changes and the listing procedures of the newly issued shares, and CRRC Capital Holdings shall provide necessary assistance in this regard.
- (5) After payment of the subscription funds by CRRC Capital Holdings and the capital verification, Times New Material or the sponsor (lead underwriter) engaged by Times New Material for the Issue shall issue a share subscription confirmation notice to CRRC Capital Holdings, which shall set out the number of shares subscribed and the amount of the subscription funds.

2.5 Lock-up Period

- (1) CRRC Capital Holdings undertakes that the shares of Times New Material acquired in the Issue shall not be transferred within eighteen (18) months from the date of listing of the aforementioned shares and it shall issue relevant lock-up undertakings and handle related share lock-up procedures in respect of the shares subscribed in the Issue pursuant to the relevant laws, regulations, rules and normative documents and relevant requirements of SSE and CSRC. In the event that CSRC or SSE have different opinions on the aforementioned lock-up period arrangement, CRRC Capital Holdings agrees to unconditionally amend the aforesaid lock-up period arrangement and implement the amendments in accordance with the opinions of CSRC or SSE. The shares of Times New Material acquired by CRRC Capital Holdings in the Issue due to the distribution of dividends and conversion of capital reserve into share capital by Times New Material shall also be subject to the above-mentioned share lock-up arrangement.

- (2) After the expiration of the lock-up period, the transfer of the shares of Times New Material acquired by CRRC Capital Holdings in the Issue shall be subject to the laws, regulations, rules, normative documents and the rules of SSE then in force.

2.6 Expenses

- (1) All taxes and charges incurred in the course of dealing with the matters relating to the Issue shall be borne by each party in accordance with the laws.
- (2) Each party agrees to bear its own relevant expenses (including but not limited to the sponsor's fees and attorney fees) arising from the issue of shares to the target subscribers.

2.7 Effectiveness of the Share Subscription Agreement

The Share Subscription Agreement shall be executed upon being signed and affixed with the official seal by the legal representatives or authorized representatives of both parties, and shall come into force on the date on which all of the following conditions are met, whichever is later:

- (1) the Share Subscription Agreement is signed and affixed with the official seal by the legal representatives or authorized representatives of both parties;
- (2) the Issue is considered and approved by the board of directors of Times New Material and a valid resolution is formed;
- (3) the Issue is considered and approved at the general meeting of Times New Material and a valid resolution is formed;
- (4) the Subscription by CRRC Capital Holdings has completed the internal decision-making procedures;
- (5) the Subscription has been approved by the competent administrative authority of CRRC Capital Holdings, SASAC and other authorities;
- (6) the Issue has been reviewed and approved by SSE and CSRC has approved the registration;

- (7) the transaction has obtained a letter of decision or an approval document (if required) issued by the State Administration for Market Regulation on the non-implementation of further review in respect of anti-monopoly investigation of operator concentration.

As at the date of this announcement, the Share Subscription Agreement has been signed by legal representatives or authorized representatives of respective parties with company seal and the Issue has been approved by the board of directors of Times New Material and a valid resolution has been formed.

3. GENERAL INFORMATION ON TIMES NEW MATERIAL

Times New Material is a joint stock company incorporated in the PRC with limited liability in May 1994, whose shares are listed on SSE (stock code: 600458). As at the date of this announcement, Times New Material is a non-wholly-owned subsidiary of the Company, which focuses on the research and engineering application of polymer materials. It is committed to the development, production and sales of more than a thousand kinds of products in such industries as rail transit, industry and engineering, wind power generation, automobile and high-performance polymer materials.

According to the PRC Accounting Standards for Business Enterprises, the unaudited consolidated total assets and net assets of Times New Material as at 30 June 2023 were RMB19,162.9670 million and RMB6,455.7756 million, respectively. The consolidated net profit attributable to Times New Material for the financial years ended 31 December 2021 and 31 December 2022 is set out below:

	For the year ended 31 December 2021 (Audited) (RMB0'000)	For the year ended 31 December 2022 (Audited) (RMB0'000)
Net profit before taxation and extraordinary items	27,497.66	28,462.01
Net profit after taxation and extraordinary items	3,793.54	16,988.54

4. REASONS AND BENEFITS OF THIS TRANSACTION

The Issue and Subscription are conducive to assisting the Company and Times New Material in seizing the opportunities for industrial development, gaining its future industrial advantages, promoting industries with finance, and enabling integration of industries and finance, thereby further implementing the strategic plan of “one core, three pillars and multiple points”, and the strategic conception of “two tracks and two clusters”, and advancing the high-quality development of the Company and Times New Material.

The Company is expected to record no gain or loss in respect of the Issue. Times New Material intends to use the proceeds from the Issue for improving its manufacturing capacity of the existing principal businesses and supplementing working capital.

5. GENERAL INFORMATION ON THE COMPANY, CRRC GROUP, TIMES NEW MATERIAL AND CRRC CAPITAL HOLDINGS

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 and products; information consultation; industry investment and management; asset management; import and export businesses.

CRRC GROUP

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

Times New Material

Please refer to the above section headed “3. General information on Times New Material”.

CRRC Capital Holdings

CRRC Capital Holdings is a limited liability company incorporated in the PRC in December 2015. As at the date of this announcement, CRRC Capital Holdings is a wholly-owned subsidiary of CRRC GROUP. The principal business of CRRC Capital Holdings includes project investment, investment management, equity investment, asset management; and investment consultation.

6. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC Capital Holdings is a wholly-owned subsidiary of CRRC GROUP, and CRRC GROUP is the controlling Shareholder directly holding 51.40% of the shares of the Company, therefore CRRC Capital Holdings is a connected person of the Company under the Hong Kong Listing Rules. In addition, the entering into of the Share Subscription 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 Share Subscription Agreement exceeds 0.1% but is less than 5%, the transaction shall be subject to the relevant 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 Share Subscription Agreement and the transaction thereunder. Save as stated above, none of the Directors has any material interest in the Share Subscription Agreement and the transaction 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 Share Subscription Agreement was entered into after negotiation on an arm’s length basis and normal commercial terms, and the relevant terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole. However, due to the nature of the transaction, it is not in the usual course of business of the Group.

7. DEFINITIONS

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

“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 SSE, respectively
“connected person(s)”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“CRRC Capital Holdings”	CRRC Capital Holdings Co., Ltd. (中車資本控股有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of CRRC GROUP 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 company and the controlling Shareholder of the Company
“CSRC”	China Securities Regulatory Commission
“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 Hong Kong Stock Exchange (as amended from time to time)

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Issue”	the issue of A shares by Times New Material to target subscribers
“PRC”	the People’s Republic of China
“Pricing Benchmark Date”	the benchmark date for calculation of the floor price of the Issue
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“Shareholder(s)”	the shareholders of the Company
“Share Subscription Agreement”	the Share Subscription Agreement with Entry-into-force Conditions between Zhuzhou Times New Material Technology Co., Ltd. and CRRC Capital Holdings Co., Ltd. entered into between Times New Material, a non-wholly-owned subsidiary of the Company, and CRRC Capital Holdings on 26 December 2023
“SSE”	Shanghai Stock Exchange
“the Subscription”	CRRC Capital Holdings’ subscription for A shares issued by Times New Material to target subscribers
“taxes and charges”	any and all taxes and charges payable, including but not limited to any value-added tax, income tax, stamp duty, deed tax or other applicable categories of taxes levied, collected or assessed, or imposed by the relevant government authorities

“Times New Material”	Zhuzhou Times New Material Technology Co., Ltd.* (株洲時代新材料科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, and a non-wholly-owned subsidiary of the Company as at the date of this announcement, whose A shares are listed on SSE (stock code: 600458)
“working day”	statutory working days other than statutory holidays in the PRC
“%”	percent

By order of the Board
CRR Corporation Limited
Sun Yongcai
Chairman

Beijing, the PRC
26 December 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.