
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CRRC Corporation Limited**, you should at once hand this circular and the form of proxy for the annual general meeting to the purchaser or the transferee or to the bank, licensed dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, 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 document.

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)

ANNUAL GENERAL MEETING

**DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED
TRANSACTION – ENTERING INTO NEW FINANCIAL SERVICES
FRAMEWORK AGREEMENT**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A notice convening the AGM of CRRC Corporation Limited to be held at Conference Room No. 9, 2/F, Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 2:00 p.m. (registration will begin at 1:30 p.m.) on Tuesday, 18 June 2024 is set out on pages 45 to 48 of this circular.

Whether or not you are able to attend the AGM, you are advised to read the notice of the AGM. If you intend to attend the AGM by proxy, you are required to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, in person or by post not less than 24 hours before the time stipulated for convening the AGM or any adjourned meeting thereof in any event. Completion and return of the form of proxy will not preclude you from attending, and voting at, the AGM or at any adjourned meeting if you so wish.

24 May 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	24
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	26
NOTICE OF THE AGM	45
APPENDIX I – GENERAL INFORMATION	49
APPENDIX II – MATTERS TO BE CONSIDERED AT THE AGM	53
ANNEX A – 2023 WORK REPORT OF THE BOARD OF DIRECTORS	84
ANNEX B – 2023 WORK REPORT OF THE BOARD OF SUPERVISORS . .	92

DEFINITIONS

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

“A Share(s)”	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on SSE (Stock Code: 601766)
“A Shareholder(s)”	holder(s) of A Share(s)
“AGM”	the annual general meeting of the Company to be held at Conference Room No. 9, 2/F, Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 2:00 p.m. (registration will begin at 1:30 p.m.) on Tuesday, 18 June 2024
“Articles of Association”	the Articles of Association of CRRC Corporation Limited, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Company” or “CRRC”	CRRC Corporation Limited (中國中車股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares and the A Shares of which are listed on the Hong Kong Stock Exchange and SSE, respectively
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“controlling Shareholder”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“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
“CSRC”	China Securities Regulatory Commission

DEFINITIONS

“Debenture(s)”	one or a portfolio of debt financing instruments proposed to be issued by the Company, including corporate bonds, enterprise bonds, ultra-short-term debentures, short-term debentures, medium-term notes, perpetual bonds, assets-backed debentures, corporate bonds for tech innovation, overseas bonds denominated in RMB, bonds denominated in USD, A Share convertible bonds, H Share convertible bonds or other new types of bonds issued in the PRC, with the total outstanding balance of all types of debentures in issue not exceeding the equivalent of RMB50 billion
“Director(s)”	the director(s) of the Company
“Existing Financial Services Framework Agreement”	the Financial Services Framework Agreement entered into between Finance Company and CRRC GROUP on 30 March 2021
“Finance Company”	CRRC Finance Co., Ltd. (中車財務有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in HK dollars (Stock Code: 1766)
“H Shareholder(s)”	holder(s) of H Share(s)
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a committee of the Board comprising all Independent Non-executive Directors established for the purpose of considering the terms of the credit services to be provided by Finance Company to CRRC GROUP under the New Financial Services Framework Agreement (including its proposed annual caps)

DEFINITIONS

“Independent Financial Adviser”	China Sunrise Capital Limited, a corporation licensed to carry out Type 1 (dealings in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the provision of credit services by Finance Company to CRRC GROUP contemplated under the New Financial Services Framework Agreement (including the proposed annual caps therefor)
“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive Director(s) of the Company
“Independent Shareholders”	Shareholder(s) who are not required to abstain from voting on the resolution to be proposed at the AGM regarding the New Financial Services Framework Agreement
“Independent Third Party(ies)”	an individual or company which is not a connected person of the Company
“Latest Practicable Date”	20 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Major Commercial Banks”	the major commercial banks in the PRC, including Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications and other major large-scale joint stock commercial banks established in the PRC (such as China CITIC Bank, China Merchants Bank and China Industrial Bank)
“New Financial Services Framework Agreement”	the Financial Services Framework Agreement entered into between Finance Company and CRRC GROUP on 28 March 2024
“NFRA”	National Financial Regulatory Administration (formerly known as the China Banking and Insurance Regulatory Commission)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	A Shareholder(s) and H Shareholder(s)
“SSE”	the Shanghai Stock Exchange
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Note: In this circular, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Sun Yongcai
Mr. Ma Yunshuang
Mr. Wang An

Registered Office:

No. 16, Central West Fourth Ring Road
Haidian District
Beijing, the PRC
Postal code: 100036

Non-executive Director:

Mr. Jiang Renfeng

Place of Business in Hong Kong:

Room 4601, 46/F
Office Tower, Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

Independent Non-executive Directors:

Mr. Shi Jianzhong
Mr. Weng Yiran
Mr. Ngai Ming Tak

24 May 2024

To the H Shareholders

Dear Sir or Madam,

ANNUAL GENERAL MEETING

DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION – ENTERING INTO NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

I. INTRODUCTION

On behalf of the Board, I hereby invite you to attend the AGM to be held at Conference Room No. 9, 2/F, Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 2:00 p.m. (registration will begin at 1:30 p.m.) on Tuesday, 18 June 2024.

Reference is made to the announcement of the Company dated 28 March 2024 in relation to, among other things, the New Financial Services Framework Agreement.

The purpose of this circular is to provide you with the notice of the AGM and to provide you with all the information reasonably necessary to enable you to make informed decisions on whether to vote for or against the proposed resolutions at the AGM, including but not limited to (i) details of the New Financial Services Framework Agreement; (ii) the letter of advice from the Independent Financial Adviser and the recommendation from the Independent Board Committee; and (iii) the notice of the AGM.

LETTER FROM THE BOARD

II. MATTERS TO BE CONSIDERED AT THE AGM

The matters to be considered at the AGM are described in detail in the notice of the AGM set out on pages 45 to 48 of this circular. At the AGM, the following will be proposed for approval as ordinary resolutions: (1) the resolution in relation to the 2023 final financial accounts report of the Company; (2) the resolution in relation to the 2023 Work Report of the Board of the Company; (3) the resolution in relation to the 2023 Work Report of the Board of Supervisors of the Company; (4) the resolution in relation to the 2023 profit distribution plan of the Company; (5) the resolution in relation to the arrangement of guarantees by the Company for 2024; (6) the resolution in relation to the entering into of the related party transaction agreements between the Company and CRRC GROUP; (7) the resolution in relation to the entering into of the Financial Services Framework Agreement between Finance Company and CRRC GROUP; (8) the resolution in relation to the remuneration of the Directors of the Company for 2023; (9) the resolution in relation to the remuneration of the Supervisors of the Company for 2023; (10) the resolution in relation to the appointment of auditors of the Company for 2024, and special resolutions: (11) the resolution to be proposed to the general meeting in relation to the grant of general mandate to the Board to issue additional A Shares and H Shares of the Company; and (12) the resolution in relation to the issuance of debt financing instruments by the Company for 2024.

In order to enable you to have a better understanding on the resolutions to be proposed at the AGM and to make informed decisions thereof with sufficient and necessary information, save as disclosed in “III. DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION – ENTERING INTO NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT” below, we have provided the Shareholders with detailed information in Appendix II to this circular, including information and explanations of the resolutions to be proposed at the AGM for approval.

Pursuant to the requirements under the Rules for the Shareholders’ Meetings of Listed Companies issued by CSRC, at the annual general meeting, each of the Independent Directors shall prepare a work report for the preceding year to the general meeting. Such report will be submitted to the Shareholders for consideration but not for approval at the AGM.

III. DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION – ENTERING INTO NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

References are made to the announcement of the Company dated 30 March 2021 and the circular of the Company dated 18 May 2021 in relation to, among others, the continuing connected transaction for the provision of the financial services between Finance Company and CRRC GROUP under the Existing Financial Services Framework Agreement.

LETTER FROM THE BOARD

The Existing Financial Services Framework Agreement

On 30 March 2021, Finance Company entered into the Existing Financial Services Framework Agreement with CRRC GROUP for a term of three years commencing from 1 January 2022 to 31 December 2024. Please refer to the announcement of the Company dated 30 March 2021 and the circular of the Company dated 18 May 2021 for details of the Existing Financial Services Framework Agreement.

The New Financial Services Framework Agreement

On 28 March 2024, Finance Company entered into the New Financial Services Framework Agreement with CRRC GROUP to regulate the continuing connected transaction for the provision of financial services between Finance Company and CRRC GROUP.

Principal terms of the New Financial Services Framework Agreement

The principal terms of the New Financial Services Framework Agreement are summarized as follows:

- Date:** 28 March 2024
- Parties:** Finance Company and CRRC GROUP
- Transaction details:** Finance Company shall provide the following financial services to CRRC GROUP pursuant to the New Financial Services Framework Agreement (under the New Financial Services Framework Agreement, reference to CRRC GROUP shall include CRRC GROUP, its subsidiaries and its associates, but excluding the Group):
- (1) Deposit services: CRRC GROUP shall open domestic currency and foreign currency deposit account in Finance Company and deposit funds in such account based on the principle of free access to the funds. The deposit can be in the form of current deposit, fixed term deposit, call deposit, agreement deposit or others.

LETTER FROM THE BOARD

- (2) Credit services: subject to relevant laws and regulations in the PRC and the risk control requirements of the Company, depending on the operational and development needs of CRRC GROUP, Finance Company shall provide domestic currency and foreign currency credit services approved by the regulatory authorities to CRRC GROUP, including loans, discounted bills, buyer's credit, accounts receivable factoring, non-financing letters of guarantees and bill acceptances, etc.
- (3) Miscellaneous financial services: Finance Company shall also provide miscellaneous financial services within its business scope to CRRC GROUP, including but not limited to, provision of services of financial consultancy, credit worthiness verification and related consultation and agency services; the receipt and payment of transaction funds; the arrangement of entrusted loans and bond underwriting; the arrangement of fund settlement and receipt and payment; the provision of certificates of deposits, creditworthiness certificates, clearing and settlement and sale of foreign exchange services, guarantees and bill acceptances. For avoidance of any doubt, the "bill acceptances" mentioned in miscellaneous financial services cover the service fees charged by Finance Company in relation to such services.

Finance Company and CRRC GROUP shall enter into separate agreements in respect of the transactions contemplated under the New Financial Services Framework Agreement and such agreements shall be in compliance with the terms and principles set out in the New Financial Services Framework Agreement and relevant laws and regulations.

Term:

From 1 January 2025 to 31 December 2027, subject to extension or renewal with consent of both parties provided that it is in compliance with the relevant laws and regulations and the listing rules of the places of listing of the Company.

LETTER FROM THE BOARD

Pricing policy:

- (1) Deposit services:
- (i) The interest rate for CRRC GROUP's deposit with Finance Company shall be made with reference to the benchmark interest rate for the same period promulgated by the People's Bank of China for the same type of deposit, and shall be no higher than the interest rate for the same period determined by banking financial institution for the same type of deposit from CRRC GROUP or the third parties of equal standing. If Finance Company also provides deposit services to Independent Third Parties, the interest rate offered by Finance Company for CRRC GROUP's deposit shall be no higher than the interest rate for the same period for the same type of deposit offered by Finance Company to such Independent Third Parties of equal standing with CRRC GROUP.
 - (ii) Finance Company shall ensure the capital safety in respect of CRRC GROUP's deposits, and timely and fully meet capital demands upon its withdrawal request. Where Finance Company fails to make full and timely payment to CRRC GROUP at its request for withdrawal of deposits, CRRC GROUP has the right to terminate the New Financial Services Framework Agreement and may also offset the amount of deposits payable by Finance Company against its loans provided by Finance Company in accordance with the provisions of applicable laws and recover the relevant difference in amount and claim for compensation.

LETTER FROM THE BOARD

- (2) Credit services:
- (i) The interest rate or fee rate for credit services provided by Finance Company to CRRC GROUP shall be determined with reference to the loan prime rate (LPR) or fee rate promulgated by the People's Bank of China for the same type of business, and shall be no lower than the interest rate or fee rate for the same period determined by banking financial institution for the same type of credit business to CRRC GROUP or third parties of equal standing. If Finance Company also provides credit services to Independent Third Parties, the interest rate or fee rate quoted by Finance Company to CRRC GROUP shall be no lower than the interest rate or fee rate for the same period for the same type of business quoted by Finance Company to such Independent Third Parties of equal standing with CRRC GROUP.
 - (ii) Where CRRC GROUP fails to repay the debts incurred from the abovementioned credit services provided by Finance Company in full and in time, Finance Company has the right to terminate the New Financial Services Framework Agreement and may also offset the amount of debts payable by CRRC GROUP against CRRC GROUP's deposits with Finance Company in accordance with the provisions of applicable laws.

LETTER FROM THE BOARD

- (3) Miscellaneous financial services:
- (i) The domestic currency or foreign currency agency fees, handling fees or other service fees charged by Finance Company for the provision of the miscellaneous financial services to CRRC GROUP shall comply with the relevant prescribed rates for such services as determined by the People's Bank of China or the NAFR. In addition, such fees shall be determined with reference to those charged by Major Commercial Banks in the PRC for the provision of comparable financial services. If Finance Company also provides miscellaneous financial services to Independent Third Parties, the fees charged by Finance Company to CRRC GROUP shall be no lower than those charged by Finance Company for the same type of services to Independent Third Parties of equal standing with CRRC GROUP.
 - (ii) Subject to compliance with the New Financial Services Framework Agreement, CRRC GROUP and Finance Company shall enter into specific contracts/agreements to set out detailed transaction terms with regard to the relevant specific financial services. Such specific contracts/agreements shall comply with the principles and terms set out under the New Financial Services Framework Agreement and applicable laws.

Payment terms:

The relevant interests, fees and other expenses for the transactions contemplated under the New Financial Services Framework Agreement will be paid in accordance with the specific terms as agreed under separate agreements from time to time.

LETTER FROM THE BOARD

Historical amounts of the continuing connected transactions under the Existing Financial Services Framework Agreement for 2022, 2023 and the three months ended 31 March 2024

The historical amounts in respect of the provision of credit services and miscellaneous financial services by Finance Company to CRRC GROUP and/or its associates under the Existing Financial Services Framework Agreement for the two financial years ended 31 December 2023 and the three months ended 31 March 2024 are as follows:

	Twelve months ended 31 December 2022	Twelve months ended 31 December 2023	Three months ended 31 March 2024
	<i>(RMB million)</i>		
Maximum daily balance of credit (including accrued interests) granted by Finance Company to CRRC GROUP and/or its associates	11,483	4,032 ^{Note 1}	2,015
Miscellaneous financial services provided by Finance Company to CRRC GROUP and/or its associates ^{Note 2}	0.00	0.00	0.00

Notes:

1. The significant decrease in the maximum daily balance of credit (including accrued interests) granted by Finance Company to CRRC GROUP and/or its associates from 2022 to 2023 was due to the reduction in transaction amounts for credit services provided by Finance Company to CRRC GROUP which resulted from the favorable low interest rate environment in China for CRRC GROUP, enabling it to obtain other borrowings from banks with lower interest rates.
2. The historical amounts in respect of the provision of miscellaneous financial services by Finance Company to CRRC GROUP and/or its associates under the Existing Financial Services Framework Agreement for the two financial years ended 31 December 2023 and the three months ended 31 March 2024 are RMB0 mainly due to the favorable low fee environment in China for CRRC GROUP, enabling it to obtain related financial services from banks with lower fees.

LETTER FROM THE BOARD

Proposed annual caps of the continuing connected transactions under the New Financial Services Framework Agreement for 2025, 2026 and 2027

The estimated maximum daily balance of credit and annual caps for the miscellaneous financial services of the continuing connected transactions under the New Financial Services Framework Agreement for each of the three financial years ending 31 December 2027 shall be as follows:

	Twelve months ending 31 December 2025	Twelve months ending 31 December 2026	Twelve months ending 31 December 2027
	<i>(equivalent to RMB million)</i>		
Maximum daily balance of credit in domestic currency and foreign currency (including accrued interests) granted by Finance Company to CRRC GROUP and/or its associates	10,000	10,000	10,000
Annual service fees in domestic currency and foreign currency charged for miscellaneous financial services provided by Finance Company to CRRC GROUP and/or its associates ^{Note}	22	22	22

Note: The proposed annual caps for the miscellaneous financial services under the New Financial Services Framework Agreement for each of the three financial years ending 31 December 2027 are determined taking into account the flexibility to accommodate the maximum limits under various possibilities, including the potential miscellaneous financial services demand from CRRC GROUP in the event of potential increases in the relevant fee environment in China. As the highest applicable percentage ratio in respect of the provision of miscellaneous financial services under the New Financial Services Framework Agreement is less than 0.1%, the miscellaneous financial services to be provided by Finance Company to CRRC GROUP are therefore fully exempted from the independent shareholders' approval, annual reporting and announcement requirements pursuant to Rule 14A.76 of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

Basis of the proposed annual caps of the continuing connected transactions under the New Financial Services Framework Agreement

Credit services

- (1) The credit services provided by Finance Company to CRRC GROUP decreased in terms of transaction amount for the previous years, with approximately RMB11,483 million, RMB4,032 million and RMB2,015 million being the maximum daily balance of credit (including accrued interests) for each of the two financial years ended 31 December 2023 and the three months ended 31 March 2024, respectively, with the highest historical utilization rate for the caps of the maximum daily balance of credit (including accrued interests) under the Existing Financial Services Framework Agreement of approximately 76.55%. Accordingly, in light of the decreasing trend in the historical transaction amounts, the Company has lowered the caps of the maximum daily balance of credit (including accrued interest) for each of the three financial years ending 31 December 2027 of RMB10,000 million, which represents a year-on-year decrease of approximately 33.33%, 37.50% and 41.18% as compared to the caps of the maximum daily balance of credit (including accrued interest) for each of the three financial years ended 31 December 2024 of RMB15,000 million, RMB16,000 million and RMB17,000 million, respectively.
- (2) CRRC GROUP has been engaged in the industrial renewal action of state-owned enterprises and the future industry development action plan, accelerated the layout and cultivation of new-quality productivity, and further increased investment in new industries, new models and new dynamic areas, where it has undertaken a number of key tasks in various fields and will proactively lay out its plan for industries such as future manufacturing, future space, future energy and future information. It is expected that investment in the strategic emerging industries will be further increased, which will provide opportunities for Finance Company to expand its loan business. It is also expected that CRRC GROUP will have a considerably high financing need in the future, in particular: (i) CRRC GROUP has been focusing on the development of green and diversified equipment manufacturing with new energy vehicles and components as the core in recent years, enhance its market expansion efforts, strive to form a complete product spectrum of the sub-segment of the new energy commercial vehicles, and form a core technological advantage in new energy vehicles and parts and components. At present, the new energy vehicle industry is a green industry supported at a national level, and the sales volumes of new energy vehicle in China have been growing year by year, with the penetration rate of new energy ranking the first in the world for fifteen consecutive years. The rapid development of new energy vehicles in China has also provided CRRC GROUP with a broad field for the future development of its new energy vehicle business. CRRC Times Electric Vehicle Co., Ltd. is the operating entity for the new energy vehicle business of CRRC GROUP. Its borrowings from financial institutions in the past three years amounted to an average of approximately RMB2.0 billion, and its investment in the field of new energy vehicles in the next three years will continue to increase, and its financing demand is expected to grow further and estimated to be an

LETTER FROM THE BOARD

average of approximately RMB3.0 billion for the next three years, which also provides an opportunity for Finance Company to expand the scale of its loans; and (ii) CRRC GROUP, which has been adhering to the concept of green development in recent years, has made efforts to develop in the eco-environmental protection industry, in particular the research and development and manufacturing of separation membranes and related environmental-friendly materials, and in the future, it is going to build a full value chain business system from raw materials, components and system solutions with separation membrane materials as the core. Vontron Technology Co., Ltd. is the main operating entity of environmental-friendly materials of CRRC GROUP. While enhancing its market position in the field of water treatment membranes, Vontron Technology Co., Ltd. is continuously expanding its new business in membrane materials for energy use, and its investment in environmental-friendly materials will continue to increase in the next three years, which is expected to become a new growing point of the loan business of Finance Company.

- (3) The amount of corporate bonds issued by CRRC GROUP that will be due over the next three years is estimated to be approximately RMB7.0 billion, and upon maturity of such bonds, Finance Company can provide loans to CRRC GROUP in repayment of such bonds on maturity.
- (4) According to the relevant PRC laws, Finance Company, as a non-banking financial institution, can only provide credit services to the Company, CRRC GROUP and its affiliated members. For the three years ended 31 December 2023, Finance Company had total assets of RMB47,104 million, RMB49,108 million and RMB46,711 million, respectively, with interbank fixed term deposit and current deposit of RMB23,989 million, RMB26,855 million and RMB26,111 million for the corresponding year. Finance Company has sufficient funds to accommodate the development needs of CRRC GROUP while providing credit services to CRRC GROUP, which can bring economic benefits to the Group.
- (5) The Company is of the view that, when proposing annual caps of continuing connected transactions, flexibility shall be taken into account to accommodate the maximum limits under various possibilities, including the potential credit services demand from CRRC GROUP in the event of potential increases in the relevant interest rate environment in China. However, same as the actual implementation of the continuing connected transactions historically, Finance Company and CRRC GROUP will conduct continuing connected transactions in strict accordance with the actual demand for transaction volume and the actual transaction price. Even though the Company sets the annual caps for continuing connected transactions, it does not mean that Finance Company and CRRC GROUP shall transact such amounts, and the proposed annual caps are not indications for the actual transaction amounts. The Company will disclose the actual transaction amounts in each year's annual report, and the Independent Non-executive Directors and auditors will give opinion on the continuing connected transactions to receive supervision of the Independent Shareholders.

LETTER FROM THE BOARD

Reasons for entering into the New Financial Services Framework Agreement and the expected benefits to the Company

Finance Company is a non-bank financial institution of the Group under the supervision of the relevant regulatory authorities and has a well-functioning internal control and risk management system. Finance Company is also familiar with the operations of CRRC GROUP, which is advantageous for Finance Company in providing CRRC GROUP with custom-made and efficient financial services. The entering into of the New Financial Services Framework Agreement is also beneficial for Finance Company to expand its financing channels, enhance its efficiency of fund usage and reduce its financing cost. Furthermore, the interest rates for credit services under the New Financial Services Framework Agreement are set pursuant to the normal commercial terms and in the interests of the Company and the Shareholders. CRRC GROUP is a large state-owned enterprise under the direct management of SASAC and holds a sound reputation in the financial market. Taking into account the creditworthiness of CRRC GROUP, and on the condition of strict risk control, the Company considers that providing credit services to CRRC GROUP through Finance Company is a low-risk fund investment option and will generate a considerable return for the Group.

The Directors (including the Independent Non-executive Directors after considering the advice from the Independent Financial Adviser) believe that the New Financial Services Framework Agreement has been entered into on normal commercial terms and in the ordinary course of business of the Group carried out through Finance Company, and the relevant terms of the transactions and annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Internal Control and Risk Management Function of Finance Company

(1) A sound corporate governance structure

Finance Company has established a sound corporate governance structure, consisting of the general meeting, the board of directors, the board of supervisors and the management. Under the board of directors, a strategic decision-making committee, an audit and risk management committee and an information technology management committee have been established. These committees consist of specialized personnel and adopt collective decision-making procedures to ensure the decisions to be scientific and reasonable. Under the management, the credit examination committee and investment decision-making committee have also been set up.

In order to ensure the compliance of operation, Finance Company has also established ten functional departments based on its business development and internal control demands. These functional departments include the capital management department, the corporate business department, the international business department, the settlement management department, the information technology department, the planning and finance department, the risk compliance department, the audit and accounting department and the comprehensive management department, etc. Documents named Letter of Duties of Departments and Letter of Responsibilities of Positions have

LETTER FROM THE BOARD

been formulated to explicitly divide the duties and responsibilities among various departments and positions. Furthermore, Finance Company has established a system of rules and regulations which satisfies the requirements of internal management for financial institutions, with a total of 180 currently effective rules and regulations that cover three major controlling levels of Finance Company, namely, the corporate level (i.e., governance structure, risk assessment, control activities, information and communication, as well as internal supervision), the business level (i.e., budget and finance, settlement business, credit business, capital business, international business and financial market business), and the comprehensive level (i.e., administrative management and information technology).

Finance Company always adheres to the principle of managing and operating pursuant to the laws and regulations, and actively undertakes the corporate social responsibility. The NAFR has not raised any major query concerning Finance Company since its establishment.

(2) *Scientific compliance risk prevention and pricing mechanism for financial products and services*

(i) Risk prevention and pricing mechanism for deposit services

In order to prevent the risk of deposits, Finance Company has established a management and control mechanism to ensure the liquidity, security and rationality of interest rate pricing of the funds. Finance Company has also established a deposit reserve system to monitor the liquidity of funds on a daily basis, to prevent the liquidity risk of funds and to ensure the security of funds.

Finance Company has established a deposit interest rate pricing decision-making panel. The panel is headed by the general manager of Finance Company, with the deputy leader of the panel being the head of the settlement management department and the international business department, and the members of the panel include the persons in charge of the settlement management, the international business department, the planning and finance department, the capital management department and the risk compliance department, to collectively review the pricing strategies, rules, procedures and authorizations of deposit interest rates, and has set up the settlement management department and the international business department to take charge of the execution and implementation of the pricing policies for the deposits in Renminbi and foreign currencies, respectively. In addition, the risk compliance department is responsible for reviewing the compliance and legitimacy of the interest rate pricing plan, and the audit and accounting department and the planning and finance department are responsible for supervising and auditing the implementation of the interest rate pricing and management.

According to the Administrative Measures on Deposit Interest Rate Pricing, interest rate pricing of deposit services must follow the principles of marketization, differentiation and compliance. The interest rate pricing of deposit services of Finance Company is determined based on the comprehensive

LETTER FROM THE BOARD

consideration of the financial market environment and other factors, and with reference to the benchmark interest rate in the same period specified by the People's Bank of China for deposits of the same type, and the interest rate determined by the banking financial institutions in the same period for the same type of deposits from third parties of equal standing.

The deposit interest rate pricing decision-making panel shall determine the posted deposit interest rate, and the actual implemented deposit interest rate will fluctuate within a certain ratio, which shall be reported to the general manager of Finance Company for approval; if the fluctuation exceeds such ratio, it shall be reported to the deposit interest rate pricing decision-making panel for consideration and further implementation. If the deposit interest rate pricing decision-making panel becomes aware that the interest rate offered to CRRC GROUP are less favourable to Finance Company than those offered to other Independent Third Parties (if available) on similar terms and conditions, Finance Company will negotiate with CRRC GROUP to re-determine the interest rate to a level that is similar with those offered to other Independent Third Parties.

(ii) Risk prevention and interest rate pricing mechanism for credit services

Finance Company has formulated a series of rules and regulations such as Working Rules for Credit Examination Committee, Administrative Measures for Self-Operated Loans Business and Operation Procedures for Revolving Line Loans, and has established special departments and committees, including but not limited to the corporate business department, the risk compliance department and the credit examination committee, to maintain the risk management and internal control environment of credit services.

The credit examination committee is the examination and approval authority for the pricing of loan interest rates. The deputy general managers other than the heads of the corporate business department and capital management department of Finance Company are qualified to serve as the chairman of the credit examination committee. The full-time members include the persons in charge of the international business department, the settlement management department, the planning and finance department, and the risk compliance department.

The interest rate for each loan shall be determined based on the loan prime rate (LPR) or fee rate for the same type of business promulgated by the People's Bank of China and with reference to the interest rate charged by the Major Commercial Banks to CRRC GROUP, and comprehensively taking into account the corporate credit rating, credit guarantees and other factors. If the credit examination committee becomes aware that the interest rate for the credit services offered to CRRC GROUP are less favourable to Finance Company than those offered to other Independent Third Parties (if available) on similar terms and conditions, Finance Company will negotiate with CRRC GROUP to re-determine the interest rate to a level that is similar with those offered to other Independent Third Parties.

LETTER FROM THE BOARD

The corporate business department is responsible for the credit investigation before granting credits. The borrower's credit rating according to the regulations of the People's Bank of China and the NAFR, the borrowing purpose, the borrower's repayment ability, the term and amount of the loan, the issues of connected transaction, etc. are all within the scope of review. After the investigation of the corporate business department, the risk compliance department will conduct a comprehensive investigation and analysis on whether the credit investigation report is appropriate and whether the risks of the proposed granting of the credit and the risk points have been fully revealed. The risk compliance department will submit to the credit examination committee after examination, and the credit examination committee will conduct an independent and objective analysis and collective deliberation on the credit applications and materials and provide opinions, on which the leaders of Finance Company have a veto power according to its authority.

Finance Company conducts customer credit ratings once at least every two years. The corporate business department organizes an initial evaluation of the credit ratings of members of the Group and CRRC GROUP once at least every two years, and the risk compliance department is responsible for the review of credit ratings of such members and the credit examination committee is responsible for the final review and determination of the credit ratings.

Furthermore, the audit and accounting department supervises and inspects the implementation and compliance of Finance Company's internal system, procedures and regulations regarding deposits and loans.

Through reviews of all the levels described above, Finance Company ensures the safety of its funds and the interest rate pricing to be scientific and in compliance with the laws.

(iii) Risk prevention and pricing mechanism for miscellaneous financial services

Finance Company has formulated rules and regulations such as Administrative Measures for Bond Underwriting Business to regulate the current miscellaneous financial services and the miscellaneous financial services that may be implemented after receiving the approval from regulatory authorities. According to such rules and regulations, the responsible departments, the business management procedures and the internal control mechanisms for the relevant businesses have also been established to prevent risks. The pricing of miscellaneous financial services shall be in compliance with the relevant regulations if the People's Bank of China or the NAFR has set up standard of charges for the relevant type of services, and shall refer to the level of the fees charged by Major Commercial Banks for the financial services of the same type. The service fee rates charged for miscellaneous financial services are determined mainly with reference to the service fee rates charged to the affiliated members of CRRC GROUP for entrusted loans and letter of guarantees by the Major Commercial Banks, which shall be confirmed upon approval of the heads of relevant departments or the general manager of Finance Company. If the head of

LETTER FROM THE BOARD

relevant departments or the general manager of Finance Company becomes aware that the fees charged to CRRC GROUP are less favourable to Finance Company than those charged to other Independent Third Parties (if available) on similar terms and conditions, Finance Company will negotiate with CRRC GROUP to re-determine the relevant fees to a level that is similar with those charged to other Independent Third Parties.

(3) *Connected transaction management mechanism*

The Company will endeavour to carry out adequate supervision over the corresponding annual caps on the transaction amount of the agreements which involved the continuing connected transactions of the Company with a view of ensuring that necessary measures and appropriate actions for the compliance with applicable requirements under the Hong Kong Listing Rules will be promptly taken. In order to regulate the connected transaction management mechanism, Finance Company has formulated the Measures for the Management of Connected Transaction, according to which, the planning and finance department is responsible for the management and information disclosure of the connected transactions, and the corporate business department, the settlement management department and other relevant departments are responsible for the statistical summary of the connected transactions handled by the departments themselves and the verification with the planning and finance department. Finance Company ensures to disclose the information of connected transactions in accordance with the provisions of Connected Transaction Management Rules (H Shares) of CRRC Corporation Limited and Related-party Transaction Management Rules (A Shares) of CRRC Corporation Limited in a timely manner.

The corporate business department, the capital management department and other relevant departments of Finance Company are responsible for daily supervision of the annual caps under the New Financial Services Framework Agreement. The planning and finance department of Finance Company will collect statistics on the transaction amount on a quarterly basis. When the transaction amount reaches a certain percentage of the annual cap, it will promptly warn and report to the management of Finance Company and the Company. The Directors (including Independent Non-executive Directors) will review the transactions contemplated under the New Financial Services Framework Agreement and their respective annual caps each year, to ensure that the transactions contemplated under the New Financial Services Framework Agreement are conducted in the ordinary and usual course of business of the Company on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

The auditor of the Company will perform annual reviews on the transactions contemplated under the New Financial Services Framework Agreement in compliance with the Hong Kong Listing Rules.

LETTER FROM THE BOARD

Implications of the Hong Kong Listing Rules

As at the Latest Practicable Date, CRRC GROUP is the controlling Shareholder of the Company directly holding 51.45% of the shares of the Company, and is thus a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the New Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The placing of deposits by CRRC GROUP with Finance Company constitutes a financial assistance provided by the connected person to the Company. As the placing of deposits by CRRC GROUP with Finance Company and the deposit services provided by Finance Company to CRRC GROUP are on normal commercial terms which are no less favourable to Finance Company than those offered by Major Commercial Banks for the provision of comparable services in the PRC and are for the benefit of the Group, and no security over the assets of the Group is or will be granted in respect of the placing of deposits and the provision of such deposit services, the placing of deposits by CRRC GROUP with Finance Company and the deposit services to be provided by Finance Company to CRRC GROUP under the New Financial Services Framework Agreement are fully exempt from independent shareholders' approval, annual reporting and announcement requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The provision of loans and other credit services by Finance Company to CRRC GROUP constitutes a financial assistance provided by the Company to its connected person, and therefore constitutes a connected transaction. As the highest applicable percentage ratio in respect of the provision of credit services under the New Financial Services Framework Agreement exceeds 5% on an annual basis, the credit services to be provided by Finance Company to CRRC GROUP are therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the provision of credit services under the New Financial Services Framework Agreement exceeds 5% but is less than 25%, the credit services to be provided by Finance Company to CRRC GROUP also constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the provision of miscellaneous financial services under the New Financial Services Framework Agreement is less than 0.1%, the miscellaneous financial services to be provided by Finance Company to CRRC GROUP are therefore fully exempted from the independent shareholders' approval, annual reporting and announcement requirements pursuant to Rule 14A.76 of the Hong Kong Listing Rules.

Three Directors, namely Sun Yongcai, Ma Yunshuang and Wang An, who hold positions in CRRC GROUP, have abstained from voting on the Board resolution in respect of the New Financial Services Framework Agreement and the transactions contemplated thereunder. Save as stated above, none of the Directors has any material

LETTER FROM THE BOARD

interest in the continuing connected transactions contemplated under the New Financial Services Framework Agreement and hence no other Directors have abstained from voting on the relevant Board resolution.

As at the Latest Practicable Date, CRRC GROUP is the controlling Shareholder directly holding 51.45% of the Shares of the Company. Therefore, CRRC GROUP and its associates will abstain from voting at the AGM on the resolution approving the New Financial Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps as required under the Hong Kong Listing Rules.

General Information of the Company, CRRC GROUP and Finance Company

The Company

The Company is a joint stock company incorporated in the PRC with limited liability. The Group is the world's leading and diverse rolling stock supplier with advanced technologies. The main scope of business of the Company 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 and 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 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 businesses relying on the proprietary technologies of rolling stock.

Finance Company

Finance Company, a subsidiary of the Company, is principally engaged in the provision of deposit services, settlement services, credit services, financial advice services and miscellaneous financial services to CRRC GROUP and its affiliated members at all levels (as described below), subject to the permitted scope of businesses and under the regulation of the NAFR and the People's Bank of China. As at the Latest Practicable Date, Finance Company is held by the Company and CRRC GROUP as to 91.36% and 8.64%, respectively.

According to the relevant PRC laws such as the regulatory requirements of the NAFR, Finance Company, as a non-banking financial institution, is positioned to mainly provide financial services to the Group, CRRC GROUP and the affiliated members of CRRC GROUP (including subsidiaries of CRRC GROUP, companies individually or jointly, directly or indirectly held as to more than 20% by CRRC GROUP and its subsidiaries, and companies directly held as to less than 20% by CRRC GROUP and its subsidiaries but with the largest shareholder being CRRC GROUP or

LETTER FROM THE BOARD

its subsidiaries). Currently, Finance Company does not provide financial services to any third party other than the Group, CRRC GROUP and the affiliated members as mentioned above.

IV. AGM

If you intend to attend the AGM by proxy, you are required to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, in person or by post not less than 24 hours before the time stipulated for convening the AGM or any adjourned meeting thereof in any event. The Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Telephone: (852) 2862 8555). Completion and return of the form of proxy will not preclude you from attending, and voting at, the AGM or any adjourned meeting if you so wish.

V. VOTING BY WAY OF POLL

In accordance with the requirements of the Hong Kong Listing Rules, the resolutions set out in the notice of the AGM will be voted by way of poll. Voting results will be uploaded to the website of the Company at www.crrcgc.cc and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the AGM.

VI. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 24 to 25 of this circular and the letter of advice from the Independent Financial Adviser set out on pages 26 to 44 of this circular. The Independent Shareholders are advised to read the aforesaid letters before making decision as to how to vote on the resolution to approve the New Financial Services Financial Agreement, the transactions contemplated thereunder and the relevant annual caps.

The Directors (including the Independent Non-executive Directors after considering the advice from the Independent Financial Adviser) consider that the resolutions as set out in the notice of the AGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of the above proposed resolutions.

VII. ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
CRRC Corporation Limited
Sun Yongcai
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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)

24 May 2024

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION – ENTERING INTO NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

We refer to the circular of the Company to the Shareholders dated 24 May 2024 (the “**Circular**”), of which this letter forms part. Terms defined therein shall have the same meanings when used in this letter unless the context otherwise requires. We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, the New Financial Services Framework Agreement and the relevant proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2027 are fair and reasonable in so far as the Independent Shareholders are concerned.

China Sunrise Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the New Financial Services Framework Agreement and the relevant proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2027. The letter from the Independent Financial Adviser, which contains its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 26 to 44 of the Circular.

Your attention is also drawn to the “Letter from the Board” set out on pages 5 to 23 of the Circular and the additional information set out in Appendix I to the Circular. Having taken into account the terms of the New Financial Services Framework Agreement and having considered the interests of the Independent Shareholders and the advice from the Independent Financial Adviser, we consider that the New Financial Services Framework Agreement and the relevant proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2027 are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group conducted through Finance Company; and (iii) in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution to approve the New Financial Services Framework Agreement and the relevant proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2027.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
CRRC Corporation Limited
Shi Jianzhong, Weng Yiran,
Ngai Ming Tak
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Financial Services Framework Agreement and the transactions contemplated thereunder for the purpose of incorporation into this circular.



CHINA SUNRISE CAPITAL LIMITED
Unit 4513, 45th Floor
The Center
99 Queen's Road Central
Hong Kong

24 May 2024

To: the Independent Board Committee and the Independent Shareholders of CRRC Corporation Limited

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION – ENTERING INTO NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the provision of credit services by Finance Company to CRRC GROUP contemplated under the New Financial Services Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 24 May 2024 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

As stated in the Letter from the Board, on 28 March 2024, Finance Company and CRRC GROUP entered into the New Financial Services Framework Agreement for an effective term from 1 January 2025 to 31 December 2027.

As at the Latest Practicable Date, CRRC GROUP is the controlling Shareholder of the Company directly holding 51.45% of the shares of the Company, and is thus a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the New Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The placing of deposits by CRRC GROUP with Finance Company constitutes a financial assistance provided by the connected person to the Company. As the placing of deposits by CRRC GROUP with Finance Company and the deposit services provided by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Finance Company to CRRC GROUP are on normal commercial terms which are no less favorable than those offered by Major Commercial Banks for the provision of comparable services in the PRC and are for the benefit of the Group, and no security over the assets of the Group is or will be granted in respect of the placing of deposits and the provision of such deposit services, the placing of deposits by CRRC GROUP with Finance Company and the deposit services to be provided by Finance Company to CRRC GROUP under the New Financial Services Framework Agreement are exempt from all Shareholders' approval, annual reporting and announcement requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

The provision of loans and other credit services by Finance Company to CRRC GROUP constitutes a financial assistance provided by the Company to its connected person, and therefore constitutes a connected transaction. As the highest applicable percentage ratio in respect of the provision of credit services under the New Financial Services Framework Agreement (the “**Non-exempt Continuing Connected Transactions**”) exceeds 5% on an annual basis, the Non-exempt Continuing Connected Transactions are therefore subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the Non-exempt Continuing Connected Transactions exceeds 5% but is less than 25%, the Non-exempt Continuing Connected Transactions also constitute a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

The AGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the New Financial Services Framework Agreement. As at the Latest Practicable Date, CRRC Group is the controlling Shareholder directly holding 51.45% of the shares of the Company. Therefore, CRRC GROUP and its associates will abstain from voting at the AGM on the resolution approving the New Financial Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps as required under the Hong Kong Listing Rules.

Three Directors, namely Sun Yongcai, Ma Yunshuang and Wang An hold positions in CRRC GROUP, have abstained from voting on the Board resolutions in respect of the transactions. Save as stated above, none of the Directors have a material interest in the continuing connected transactions contemplated under the Continuing Connected Transaction Agreements and hence no other Directors have abstained from voting on the relevant Board resolutions.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Shi Jianzhong, Mr. Weng Yiran and Mr. Ngai Ming Tak, has been established by the Company for the purpose of advising the Independent Shareholders as to whether: (i) the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Non-exempt Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote on the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

relevant resolution to be proposed at the AGM in relation to the Non-exempt Continuing Connected Transactions. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with, or interest in, the Group, the CRRC GROUP, or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, we have not acted as an independent financial adviser to the Company. Apart from normal independent financial advisory fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the CRRC GROUP or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Hong Kong Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, among other things:

- (i) the Existing Financial Services Framework Agreement;
- (ii) the New Financial Services Framework Agreement;
- (iii) the annual results announcement of the Company for the year ended 31 December (“FY”) 2023 dated 28 March 2024;
- (iv) the annual report of the Company for FY2022; and
- (v) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete and not misleading or deceptive in all material respects at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the AGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed in the Circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in the Circular, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Non-exempt Continuing Connected 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 AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Non-exempt Continuing Connected Transactions

Reference is made to the announcement of the Company dated 30 March 2021 where it was announced, among other things, that Finance Company entered into the Existing Financial Services Framework Agreement with CRRC GROUP.

As the Existing Financial Services Framework Agreement will expire on 31 December 2024, the Company had on 28 March 2024 entered into the New Financial Services Framework Agreement with CRRC GROUP to extend the term for the Non-exempt Continuing Connected Transactions.

2. Information on the parties

The Company

The Company is a joint stock company incorporated in the PRC with limited liability. The Group is the world's leading and diverse rolling stock supplier with advanced technologies. The main scope of business of the Company 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,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

as well as electric devices and environmental protection equipment; information consultation; industry investment and management; asset management and 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 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 businesses relying on the proprietary technologies of rolling stock.

Finance Company

Finance Company, a subsidiary of the Company, is principally engaged in the provision of deposit services, settlement services, credit services, financial advice services and miscellaneous financial services to CRRC GROUP and its affiliated members at all levels (as described below), subject to the permitted scope of businesses and under the regulation of the NAFR and the People's Bank of China. As at the Latest Practicable Date, Finance Company is held by the Company and CRRC GROUP as to 91.36% and 8.64%, respectively.

According to the relevant PRC laws such as the regulatory requirements of the NAFR, Finance Company, as a non-banking financial institution, is positioned to mainly provide financial services to the Group, CRRC GROUP and the affiliated members of CRRC GROUP (including subsidiaries of CRRC GROUP, companies individually or jointly, directly or indirectly held as to more than 20% by CRRC GROUP and its subsidiaries, and companies directly held as to less than 20% by CRRC GROUP and its subsidiaries but with the largest shareholder being CRRC GROUP or its subsidiaries). Currently, Finance Company does not provide financial services to any third party other than the Group, CRRC GROUP and the affiliated members as mentioned above.

3. New Financial Services Framework Agreement

Principal terms

Date: 28 March 2024

Parties: Finance Company and CRRC GROUP

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Transaction details

Finance Company shall provide the following financial services to CRRC GROUP pursuant to the New Financial Services Framework Agreement (under the New Financial Services Framework Agreement, reference to CRRC GROUP shall include CRRC GROUP, its subsidiaries and its associates, but excluding the Group):

- (1) Deposit services: CRRC GROUP shall open domestic currency and foreign currency deposit account in Finance Company and deposit funds in such account based on the principle of free access to the funds. The deposit can be in the form of current deposit, fixed term deposit, call deposit, agreement deposit or others.
- (2) Credit services: subject to relevant laws and regulations in the PRC and the risk control requirements of the Company, depending on the operational and development needs of CRRC GROUP, Finance Company shall provide domestic currency and foreign currency credit services approved by the regulatory authorities to CRRC GROUP, including loans, discounted bills, buyer's credit, accounts receivable factoring, non-financing letters of guarantees and bill acceptances, etc.
- (3) Miscellaneous financial services: Finance Company shall also provide miscellaneous financial services within its business scope to CRRC GROUP, including but not limited to, provision of services of financial consultancy, credit worthiness verification and related consultation and agency services; the receipt and payment of transaction funds; the arrangement of entrusted loans and bond underwriting; the arrangement of fund settlement and receipt and payment; the provision of certificates of deposits, creditworthiness certificates, clearing and settlement and sale of foreign exchange services, guarantees and bill acceptances. For avoidance of any doubt, the "bill acceptances" mentioned in miscellaneous financial services cover the service fees charged by Finance Company in relation to such services.

Finance Company and CRRC GROUP shall enter into separate agreements in respect of the transactions contemplated under the New Financial Services Framework Agreement and such agreements shall be in compliance with the terms and principles set out in the New Financial Services Framework Agreement and relevant laws and regulations.

Term

From 1 January 2025 to 31 December 2027, subject to extension or renewal with consent of both parties provided that it is in compliance with the relevant laws and regulations and the listing rules of the places of listing of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing policy

(1) Deposit services

- (i) The interest rate for CRRC GROUP's deposit with Finance Company shall be made with reference to the benchmark interest rate for the same period promulgated by the People's Bank of China for the same type of deposit, and shall be no higher than the interest rate for the same period determined by banking financial institution for the same type of deposit from CRRC GROUP or the third parties of equal standing. If Finance Company also provides deposit services to Independent Third Parties, the interest rate offered by Finance Company for CRRC GROUP's deposit shall be no higher than the interest rate for the same period for the same type of deposit offered by Finance Company to such Independent Third Parties of equal standing with CRRC GROUP.
- (ii) Finance Company shall ensure the capital safety in respect of CRRC GROUP's deposits, and timely and fully meet capital demands upon its withdrawal request. Where Finance Company fails to make full and timely payment to CRRC GROUP at its request for withdrawal of deposits, CRRC GROUP has the right to terminate the New Financial Services Framework Agreement and may also offset the amount of deposits payable by Finance Company against its loans provided by Finance Company in accordance with the provisions of applicable laws and recover the relevant difference in amount and claim for compensation.

(2) Credit services

- (i) The interest rate or fee rate for credit services provided by Finance Company to CRRC GROUP shall be determined with reference to the loan prime rate (the "LPR") or fee rate promulgated by the People's Bank of China for the same type of business, and shall be no lower than the interest rate or fee rate for the same period determined by banking financial institution for the same type of credit business to CRRC GROUP or third parties of equal standing. If Finance Company also provides credit services to Independent Third Parties, the interest rate or fee rate quoted by Finance Company to CRRC GROUP shall be no lower than the interest rate or fee rate for the same period for the same type of business quoted by Finance Company to such Independent Third Parties of equal standing with CRRC GROUP.
- (ii) Where CRRC GROUP fails to repay the debts incurred from the abovementioned credit services provided by Finance Company in full and in time, Finance Company has the right to terminate the New Financial Services Framework Agreement and may also offset the amount of debts payable by CRRC GROUP against CRRC GROUP's deposits with Finance Company in accordance with the provisions of applicable laws.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(3) Miscellaneous financial services

- (i) The domestic currency or foreign currency agency fees, handling fees or other service fees charged by Finance Company for the provision of the miscellaneous financial services to CRRC GROUP shall comply with the relevant prescribed rates for such services as determined by the People's Bank of China or the NAFR. In addition, such fees shall be determined with reference to those charged by Major Commercial Banks in the PRC for the provision of comparable financial services. If Finance Company also provides miscellaneous financial services to Independent Third Parties, the fees charged by Finance Company to CRRC GROUP shall be no lower than those charged by Finance Company for the same type of services to Independent Third Parties of equal standing with CRRC GROUP.
- (ii) Subject to compliance with the New Financial Services Framework Agreement, CRRC GROUP and Finance Company shall enter into specific contracts/agreements to set out detailed transaction terms with regard to the relevant specific financial services. Such specific contracts/agreements shall comply with the principles and terms set out under the New Financial Services Framework Agreement and applicable laws.

Payment terms

The relevant interests, fees and other expenses for the transactions contemplated under the New Financial Services Framework Agreement will be paid in accordance with the specific terms as agreed under separate agreements from time to time.

Assessment on the principal terms of the Non-exempt Continuing Connected Transactions

As the Existing Financial Services Framework Agreement will expire on 31 December 2024, the New Financial Services Framework Agreement was entered into on 28 March 2024 between Finance Company and CRRC GROUP, subject to the approval by the Independent Shareholders, to regulate the continuing connected transaction for the provision of financial services between Finance Company and CRRC GROUP.

The pricing policy and all other material terms and conditions of the Non-exempt Continuing Connected Transactions under the New Financial Services Framework Agreement remained the same as the Existing Financial Services Framework Agreement.

As stated in the Letter from the Board, the interest rate or fee rate for credit services provided by Finance Company to CRRC GROUP shall be: (i) determined with reference to the LPR or fee rate for the same period promulgated by the People's Bank of China for the same type of business; (ii) no lower than the interest rate or fee rate for the same period determined by Major Commercial Banks for the same type of credit business to CRRC GROUP or other parties of equal standing; and (iii) no lower

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

than the interest rate or fee rate for the same period for the same type of business quoted by Finance Company to Independent Third Parties of equal standing with CRRC GROUP.

We have randomly selected, obtained and reviewed six sample records between Finance Company and CRRC GROUP under the Existing Financial Services Framework Agreement (the “**CRRC Credit Samples**”), during FY2022, FY2023 and the three months ended 31 March (the “**3M**”) 2024 (collectively referred as the “**Review Period**”).

After our enquiry and the discussion with the Management, we understand that Finance Company has stopped entering into credit services (provision of facilities) with upstream suppliers of the Group’s industrial chain which are independent to the Group due to regulatory requirements during the Review Period.

From the review of the CRRC Credit Samples, we noted that the interest rate or fee rate for credit services provided by Finance Company to CRRC GROUP as set out in the CRRC Credit Samples was determined with reference to the LPR or fee rate for the same period promulgated by the People’s Bank of China for the same type of business. After our enquiry and the discussion with the Management, we understand that the interest rate quoted by Finance Company to CRRC GROUP for the same period for the same type of business was not lower than the interest rate quoted by Finance Company to the Independent Third Parties if any.

We have also compared the interest rates of credit services adopted in the CRRC Credit Samples against the borrowing interest rates offered by Major Commercial Banks during the Review Period. It is noted that the interest rates or fee rates for credit services provided by Finance Company to CRRC GROUP as set out in the CRRC Credit Samples were not lower than the interest rates for the same period offered by Major Commercial Banks for the same type of credit business to CRRC GROUP.

Despite the fact that there is no credit services entered into between Finance Company and the Independent Third Parties or between CRRC GROUP and Independent Third Parties, we consider that the sample sizes of the CRRC Credit Samples are sufficient and representative to facilitate our analysis after considering: (i) they were randomly selected; (ii) there were samples selected from each year/period of the Review Period; and (iii) they covered different duration of repayment periods. Therefore, we are of the view that the credit services entered into between Finance Company and CRRC GROUP were conducted in compliance with the pricing policy as set out in the Existing Financial Services Framework Agreement. It is also noted that Finance Company did not provide credit services to independent third parties except for the upstream suppliers of the Group’s industrial chain which are independent to the Group during the Review Period.

Having considered the above, we concur with the Directors that the terms in relation to the credit services of the New Financial Services Framework Agreement are on normal commercial terms

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Analysis on maximum daily balance of the Non-exempt Continuing Connected Transactions under the New Financial Services Framework Agreement

Set out below are: (i) the existing maximum daily balance of credit services (including accrued interests) under the Existing Financial Services Framework Agreement (the “**Existing Maximum Daily Balance**”) during the Review Period; (ii) the historical maximum daily balance of credit services (including accrued interests) provided by Finance Company to CRRC GROUP and/or its associates during the Review Period (the “**Historical Maximum Daily Balance**”); (iii) the utilisation of the Existing Maximum Daily Balance during the Review Period; and (iv) the proposed maximum daily domestic currency and foreign currency balance of credit (including accrued interests) granted by Finance Company to CRRC GROUP and/or its associates (the “**Proposed Maximum Daily Balance**”) for FY2025, FY2026 and FY2027.

	FY2022	FY2023	FY2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Existing Maximum Daily Balance	15,000	16,000	17,000
	FY2022	FY2023	3M2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Historical Maximum Daily Balance	11,483	4,032	2,015
Utilisation of the Existing Maximum Daily Balance	76.6%	25.2%	11.9%
	FY2025	FY2026	FY2027
	<i>equivalent to RMB million</i>	<i>equivalent to RMB million</i>	<i>equivalent to RMB million</i>
Proposed Maximum Daily Balance	10,000	10,000	10,000

As stated in the Letter from the Board, the Proposed Maximum Daily Balance was determined by referring to a number of factors, particularly:

- (1) The credit services provided by Finance Company to CRRC GROUP decreased in terms of transaction amount for the previous years. The highest historical utilization rate for the caps of the maximum daily balance of credit (including accrued interests) under the Existing Financial Services Framework Agreement of approximately 76.55%.
- (2) CRRC GROUP has been engaged in initiatives to renew state-owned enterprises and promote future industry development. It is involved in various key tasks and plans to expand its presence in industries such as future manufacturing, future space, future energy, and future information. This expansion is expected to increase the financing needs of CRRC GROUP, particularly in the areas of green

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and diversified equipment manufacturing, including new energy vehicles and eco-environmental protection. Finance Company can benefit from these opportunities by expanding its loan business.

- (3) The amount of corporate bonds issued by CRRC GROUP that will be due over the next three years is estimated to be approximately RMB7.0 billion, and upon maturity of such bonds, Finance Company can provide loans to CRRC GROUP in repayment of such bonds on maturity.
- (4) According to relevant PRC laws, Finance Company, as a non-banking financial institution, can only provide credit services to CRRC GROUP and its affiliated members. Finance Company has sufficient funds, with total assets and interbank deposits, to accommodate the development needs of CRRC GROUP while providing credit services and bringing economic benefits to the Group.
- (5) The Company emphasizes the importance of flexibility when proposing annual caps for continuing connected transactions. The actual transaction volumes and prices will be determined based on the actual demand, and setting annual caps does not imply that those amounts will be transacted. The Company will disclose the actual transaction amounts in the annual report for Independent Shareholders' supervision.

In assessing the fairness and reasonableness of the Proposed Maximum Daily Balance under the New Financial Services Framework Agreement, we have taken into account the following factors:

- (1) the Historical Maximum Daily Balance decreased significantly from approximately RMB11,483 million for FY2022 to approximately RMB4,032 million for FY2023, representing a decrease of approximately 64.9%;
- (2) the utilisation of the Existing Maximum Daily Balance for FY2022 and FY2023 was approximately 76.6% and 25.2% respectively;
- (3) the Historical Maximum Daily Balance drops to approximately RMB2,015 million for 3M2024 and approximately RMB4,032 million in FY2023 from approximately RMB11,483 million for FY2022. Regarding the decrease in the Historical Maximum Daily Balance, we have received information from the Management explaining that the CRRC GROUP has become less dependent on Finance Company for credit services. This is due to the favorable low interest rate environment in China. The People's Bank of China and Bank of China have decreased the 1-year and more-than-5-year loan prime rates multiple times since 2022, resulting in rates dropping from 3.80% to 3.45% and from 4.65% to 3.95% respectively. This has created an advantageous low interest rate environment for CRRC GROUP, allowing them to issue a RMB2 billion face value bond on 21 January, 2022 according to the relevant disclosures made on the Shanghai Stock Exchange, and obtain other borrowings from banks with lower interest rates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consequently, the CRRC GROUP's reliance on Finance Company for credit services has reduced, leading to lower Historical Maximum Daily Balances and utilization rates for FY2023 and 3M2024;

- (4) the Historical Maximum Daily Balance for 3M2024 amounted to approximately RMB2,015 million which accounted for approximately 11.9% of the Existing Maximum Daily Balance for FY2024 and was less than the Historical Maximum Daily Balance of approximately RMB4,032 million for FY2023;
- (5) given that there was a decreasing trend in the Historical Maximum Daily Balance during the Review Period, the Company has lowered the Proposed Maximum Daily Balances for each of the three financial years ended 31 December 2027 that are estimated to be equivalent to RMB10,000 million, which represents a decrease of approximately 33.3%, 37.5% and 41.2% compared to the Existing Maximum Daily Balance for FY2022, FY2023 and FY2024, respectively;
- (6) the average of the Historical Maximum Daily Balance for FY2022, FY2023 and 3M2024 is approximately RMB5,843 million;
- (7) as stated in the Letter from the Board, the borrowings of CRRC Times Electric Vehicle Co., Ltd, the operating entity for the new energy vehicle business of CRRC GROUP, from financial institutions in the past three years amounted to an average of approximately RMB2,000 million (the "**EV Business Borrowings**") and its financing demand is expected to grow further and estimated to be an average of approximately RMB3,000 million for the next three year;
- (8) we understand that the Management expects the utilisation of the Proposed Maximum Daily Balance to be approximately 88.4%, which contains the Historical Maximum Daily Balance of approximately RMB5,843 million and the EV Business Borrowings of approximately RMB3,000 million;
- (9) the Proposed Maximum Daily Balance for each of the three financial years ended 31 December 2027 are estimated to be equivalent to RMB10,000 million, which represents a difference of approximately RMB7,985 million compared of the Historical Maximum Daily Balance for 3M2024;
- (10) the Proposed Maximum Daily Balance for each of the three financial years ended 31 December 2027 represents a difference of approximately RMB1,157 million in comparison of the average of the Historical Maximum Daily Balance for FY2022, FY2023 and 3M2024 plus the EV Business Borrowings. Such difference is contemplated to serve as a room for future development despite the decreasing trend in the Historical Maximum Daily Balance; and
- (11) The Management proposes that a buffer of approximately 11.6% of the Proposed Maximum Daily Balance be maintained to address the potential credit service demand from the CRRC GROUP in the event of potential increases in the relevant interest rate environment in China between FY2025 and FY2027. After conducting further analysis on the loan prime rate, we observed that between FY2022 and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2023, the 1-year and more-than-5-year loan prime rates decreased by 15 basis points (“BPS”) and 35 BPS, respectively. Consequently, the corresponding Historical Maximum Daily Balance also experienced a decline of approximately RMB7,451 million. Additionally, between FY2023 and 3M2024, the 1-year and more-than-5-year loan prime rates dropped by 20 BPS and 10 BPS, respectively, resulting in a decrease of approximately RMB2,017 million in the corresponding Historical Maximum Daily Balance. If the loan prime rate rebounds in the near future, it is expected that the demand for credit services would rise and potentially reach the levels observed in FY2022, and we note that the Proposed Maximum Daily Balance is lower than the Historical Maximum Daily Amount for FY2022. Besides, we notice that the amount of corporate bonds issued by CRRC GROUP that will be due over the next three years, and upon maturity of such bonds, Finance Company can provide loans to CRRC GROUP in repayment of such bonds on maturity. As such, we consider the 11.6% proposed buffer under the Proposed Maximum Daily Balance is fair and reasonable.

Having taken into account of the above, we are of the view that the determining bases of the Proposed Maximum Daily Balance under the New Financial Services Framework Agreement to be fair and reasonable so far as the Independent Shareholders are concerned. In addition, we consider the Proposed Maximum Daily Balances are determined by reference to pervious transactions and figures as disclosed in the Circular and in compliance with the Listing Rule 14A.53(2).

5. Reasons for entering into the New Financial Services Framework Agreement and the expected benefits to the Company

As stated in the Letter from the Board, Finance Company is a non-bank financial institution of the Group under the supervision of the relevant regulatory authorities and has a well-functioning internal control and risk management system. Finance Company is also familiar with the operations of CRRC GROUP, which is advantageous for Finance Company in providing CRRC GROUP with custom-made and efficient financial services. The entering into of the New Financial Services Framework Agreement is also beneficial for Finance Company to expand its financing channels, enhance its efficiency of fund usage and reduce its financing cost. Furthermore, the interest rates for credit services under the New Financial Services Framework Agreement are set pursuant to the normal commercial terms and in the interests of the Company and the Shareholders. CRRC GROUP is a large state-owned enterprise under the direct management of the SASAC and holds a sound reputation in the financial market. Taking into account the creditworthiness of CRRC GROUP, and on the condition of strict risk control, the Company considers that providing credit services to CRRC GROUP through Finance Company is a low-risk fund investment option and will generate a considerable return for the Group.

As such, we are of the view that the New Financial Services Framework Agreement has been entered into on normal commercial terms and in the ordinary course of business of the Group carried out through Finance Company, and the relevant terms of the transactions and annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Measures of Internal Control

As set out in the Letter from the Board, Finance Company, being a non-bank financial institution of the Group is operating under the supervision of the relevant regulatory authorities which has a well-established internal control and risk management system to safeguard the interests of the Company with the adoption of different rules and regulations have been formulated by the corresponding departments.

A sound corporate governance structure

Finance Company has established a sound corporate governance structure, consisting of the general meeting, the board of directors, the board of supervisors and the management. Under the board of directors, a strategic decision-making committee, an audit and risk management committee and an information technology management committee have been established. These committees consist of specialized personnel and adopt collective decision-making procedures to ensure the decisions to be scientific and reasonable. Under the management, the credit examination committee and the investment decision-making committee have also been set up.

In order to ensure the compliance of operation, Finance Company has also established ten functional departments based on its business development and internal control demands. These functional departments include the capital management department, the corporate business department, the international business department, the settlement management department, the information technology department, the planning and finance department, the risk compliance department, the audit and accounting department and the comprehensive management department, etc. Documents named Letter of Duties of Departments and Letter of Responsibilities of Positions have been formulated to explicitly divide the duties and responsibilities among various departments and positions. Furthermore, Finance Company has established a system of rules and regulations which satisfies the requirements of internal management for financial institutions, with a total of 180 currently effective rules and regulations that cover three major controlling levels of Finance Company, namely, the corporate level (i.e., governance structure, risk assessment, control activities, information and communication, as well as internal supervision), the business level (i.e., budget and finance, settlement business, credit business, capital business, international business and financial market business), and the comprehensive level (i.e., administrative management and information technology).

Finance Company always adheres to the principle of managing and operating pursuant to the laws and regulations, and actively undertakes corporate social responsibility. The NAFR has not raised any major query concerning Finance Company since its establishment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Scientific compliance risk prevention and pricing mechanism for financial products and services

(1) Risk prevention and pricing mechanism for deposit services

In order to prevent the risk of deposits, Finance Company has established a management and control mechanism to ensure liquidity, security and rationality of interest rate pricing of the funds. Finance Company has also established a deposit reserve system to monitor the liquidity of funds on a daily basis, to prevent the liquidity risk of funds and to ensure the security of funds.

Finance Company has established a deposit interest rate pricing decision-making panel. The panel is headed by the general manager of Finance Company, with the deputy leader of the panel being the head of the settlement management department and the international business department, and the members of the panel include the persons in charge of the settlement management department, the international business department, the planning and finance department, the capital management department and the risk compliance department, to collectively review the pricing strategies, rules, procedures and authorizations of deposit interest rates, and has set up the settlement management department and the international business department to take charge of the execution and implementation of the pricing policies for the deposits in Renminbi and foreign currencies, respectively. In addition, the risk compliance department is responsible for reviewing the compliance and legitimacy of the interest rate pricing plan, and the audit and accounting department and the planning and finance department are responsible for supervising and auditing the implementation of the interest rate pricing and management.

According to the Administrative Measures on Deposit Interest Rate Pricing, interest rate pricing of deposit services must follow the principles of marketization, differentiation and compliance. The interest rate pricing of deposit services of Finance Company is determined based on the comprehensive consideration of the financial market environment and other factors, and with reference to the benchmark interest rate in the same period specified by the People's Bank of China for deposits of the same type, and the interest rate determined by the banking financial institutions in the same period for the same type of deposits from third parties of equal standing.

The deposit interest rate pricing decision-making panel shall determine the posted deposit interest rate, and the actual implemented deposit interest rate will fluctuate within a certain ratio, which shall be reported to the general manager of Finance Company for approval; if the fluctuation exceeds such ratio, it shall be reported to the deposit interest rate pricing decision making panel for consideration and further implementation. If the deposit interest rate pricing decision-making panel becomes aware that the interest rate offered to CRRC GROUP are less favorable to Finance Company than those offered to other Independent Third Parties (if available) on similar terms and conditions, Finance Company will negotiate with CRRC GROUP to re-determine the interest rate to a level that is similar with those offered to other Independent Third Parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(2) *Risk prevention and interest rate pricing mechanism for credit services*

Finance Company has formulated a series of rules and regulations such as Working Rules for Credit Examination Committee, Administrative Measures for Self-Operated Loans Business and Operation Procedures for Revolving Line Loans, and has established special departments and committees, including but not limited to the corporate business department, the risk compliance department and the credit examination committee, to maintain the risk management and internal control environment of credit services.

The credit examination committee is the examination and approval authority for the pricing of loan interest rates. The deputy general managers other than the heads of the corporate business department and capital management department of Finance Company are qualified to serve as the chairman of the credit examination committee. The full-time members include the persons in charge of the international business department, the settlement management department, the planning and finance department, and the risk compliance department.

The interest rate for each loan shall be determined based on the LPR or fee rate for the same type of business promulgated by the People's Bank of China and with reference to the interest rate charged by the Major Commercial Banks to CRRC GROUP, and comprehensively taking into account the corporate credit rating, credit guarantees and other factors. If the credit examination committee becomes aware that the interest rate for the credit services offered to CRRC GROUP are less favorable to Finance Company than those offered to other Independent Third Parties (if available) on similar terms and conditions, Finance Company will negotiate with CRRC GROUP to re-determine the interest rate to a level that is similar with those offered to other Independent Third Parties.

The corporate business department is responsible for the credit investigation before granting credits. The borrower's credit rating according to the regulations of the People's Bank of China and the NAFR, the borrowing purpose, the borrower's repayment ability, the term and amount of the loan, the issues of connected transaction, etc. are all within the scope of review. After the investigation of the corporate business department, the risk compliance department will conduct a comprehensive investigation and analysis on whether the credit investigation report is appropriate and whether the risks of the proposed granting of the credit and the risk points have been fully revealed. The risk compliance department will submit to the credit examination committee after examination, and the credit examination committee will conduct an independent and objective analysis and collective deliberation on the credit applications and materials and provide opinions, on which the leaders of Finance Company have a veto power according to its authority.

Finance Company conducts customer credit ratings once at least every two years. The corporate business department organizes an initial evaluation of the credit ratings of members of the Group and the CRRC GROUP once at least every two years, and the risk compliance department is responsible for the review of credit ratings of such members and the credit examination committee is responsible for the final review and determination of the credit ratings.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, the audit and accounting department supervises and inspects the implementation and compliance of Finance Company's internal system, procedures and regulations regarding deposits and loans.

Through reviews of all the levels described above, Finance Company ensures the safety of its funds and the interest rate pricing to be scientific and in compliance with the laws.

(3) Risk prevention and pricing mechanism for miscellaneous financial services

Finance Company has formulated rules and regulations such as Administrative Measures for Bond Underwriting Business to regulate the current miscellaneous financial services and the miscellaneous financial services that may be implemented after receiving the approval from regulatory authorities. According to such rules and regulations, the responsible departments, the business management procedures and the internal control mechanisms for the relevant businesses have also been established to prevent risks. The pricing of miscellaneous financial services shall be in compliance with the relevant regulations if the People's Bank of China or the NAFR has set up standard of charges for the relevant type of services and shall refer to the level of the fees charged by Major Commercial Banks for the financial services of the same type. The service fee rates charged for miscellaneous financial services are determined mainly with reference to the service fee rates charged to the affiliated members of CRRC GROUP for entrusted loans and letter of guarantees by the Major Commercial Banks, which shall be confirmed upon approval of the heads of relevant departments or the general manager of Finance Company. If the head of relevant departments or the general manager of Finance Company becomes aware that the fees charged to CRRC GROUP are less favorable to Finance Company than those charged to other Independent Third Parties (if available) on similar terms and conditions, Finance Company will negotiate with CRRC GROUP to re-determine the relevant fees to a level that is similar with those charged to other Independent Third Parties.

Connected transaction management mechanism

The Company will endeavor to carry out adequate supervision over the corresponding annual caps on the transaction amount of the agreements which involved the continuing connected transactions of the Company with a view of ensuring that necessary measures and appropriate actions for the compliance with applicable requirements under the Hong Kong Listing Rules will be promptly taken. In order to regulate the connected transaction management mechanism, Finance Company has formulated the Measures for the Management of Connected Transaction, according to which, the planning and finance department is responsible for the management and information disclosure of the connected transactions, and the corporate business department, the settlement management department and other relevant departments are responsible for the statistical summary of the connected transactions handled by the departments themselves and the verification with the planning and finance department. Finance Company ensures to disclose the information of connected transactions in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

accordance with the provisions of Connected Transaction Management Rules (H Shares) of CRRC Corporation Limited and Related-party Transaction Management Rules (A Shares) of CRRC Corporation Limited in a timely manner.

The corporate business department, the capital management department and other relevant departments of Finance Company are responsible for daily supervision of the annual caps under the New Financial Services Framework Agreement. The planning and finance department of Finance Company will collect statistics on the transaction amount on a quarterly basis. When the transaction amount reaches a certain percentage of the annual cap, it will promptly warn and report to the management of Finance Company and the Company. The Directors (including independent non-executive Directors) will review the transactions contemplated under the New Financial Services Framework Agreement and their respective annual caps each year, to ensure that the transactions contemplated under the New Financial Services Framework Agreement are conducted in the ordinary and usual course of business of the Company on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

The auditor of the Company will perform annual reviews on the transactions contemplated under the New Financial Services Framework Agreement in compliance with the Hong Kong Listing Rules.

Regarding the effectiveness of the aforementioned internal control and risk management system, we have obtained and reviewed: (i) the relevant rules and regulations adopted by the Company; (ii) two samples of review records conducted by the corporate business department before granting credits during the Review Period (the “**Review Records**”); (iii) two samples of examination records conducted by the risk compliance department during the Review Period (the “**Examination Records**”); (iv) two samples of review records conducted by the credit examination committee during the Review Period (the “**Credit Records**”); and (v) two internal approval records during the Review Period (the “**Approval Records**”).

From the review of the Review Records, it is noted several factors such as borrower’s credit rating according to the regulations of the People’s Bank of China and the NAFR, the borrowing purpose, the borrower’s repayment ability, the term and amount of the loan were considered by the corporate business department before granting credits which is consistent with the scope of review as set out in the Letter from the Board. From the review of the Examination Records, it is noted that risk analysis on the proposed granting of the credit were conducted and the comprehensiveness of risk points was assessed which are consistent with the procedure as set out in the Letter from the Board. From the review of the Credit Records, it is noted that relevant opinions were provided by the credit review committee after their analysis which is consistent with the procedure as set out in the Letter from the Board. From the review of the Approval Records, it is noted that relevant approvals were granted and obtained which is consistent with the procedure as set out in the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the above, we are of the view that an effective internal control and risk management system are in place.

RECOMMENDATION

In relation to the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the Proposed Maximum Daily Balance, we have considered the above principal factors and reasons and, in particular, having taken into account the following in arriving at our opinion:

1. the entering into of the New Financial Services Framework Agreement with CRRC GROUP falls within the ordinary and usual course of business of the Group and is in the interest of the Group and the Shareholders as a whole;
2. the terms of the New Financial Services Framework Agreement are on normal commercial terms;
3. the Proposed Maximum Daily Balance is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
4. the Group has adequate internal control system in place.

Having considered the above, we are of the view that the New Financial Services Framework Agreement is entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the Proposed Maximum Daily Balance are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to vote in favour of the resolution to approve the New Financial Services Framework Agreement, the Non-exempt Continuing Connected Transactions and the Proposed Maximum Daily Balance.

Yours faithfully,
For and on behalf of
China Sunrise Capital Limited
Lenny Li
Executive Director

Mr. Lenny Li is the Executive Director of China Sunrise Capital Limited and is licensed under the Securities and Futures Ordinance as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activities. Mr. Li has over 17 years of corporate finance experience in Hong Kong and has participated in and completed various financial advisory and independent financial advisory transactions.

* *English translation is directly translated from the Chinese name and is for illustrative purpose only.*

NOTICE OF THE AGM

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)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting for the financial year ended 31 December 2023 (the “AGM” or “**Annual General Meeting**”) of CRRC Corporation Limited (the “**Company**”) will be held at Conference Room No. 9, 2/F, Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 2:00 p.m. (registration will begin at 1:30 p.m.) on Tuesday, 18 June 2024 for the purpose of considering and approving, if appropriate, the following resolutions (unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 24 May 2024):

ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to the 2023 final financial accounts report of the Company
2. To consider and approve the resolution in relation to the 2023 Work Report of the Board of the Company
3. To consider and approve the resolution in relation to the 2023 Work Report of the Board of Supervisors of the Company
4. To consider and approve the resolution in relation to the 2023 profit distribution plan of the Company
5. To consider and approve the resolution in relation to the arrangement of guarantees by the Company for 2024
6. To consider and approve the resolution in relation to the entering into of the related party transaction agreements between the Company and CRRC GROUP
7. To consider and approve the resolution in relation to the entering into of the Financial Services Framework Agreement between Finance Company and CRRC GROUP
8. To consider and approve the resolution in relation to the remuneration of the Directors of the Company for 2023
9. To consider and approve the resolution in relation to the remuneration of the Supervisors of the Company for 2023
10. To consider and approve the resolution in relation to the appointment of auditors of the Company for 2024

NOTICE OF THE AGM

SPECIAL RESOLUTIONS

11. To consider and approve the resolution to be proposed to the general meeting in relation to the grant of general mandate to the Board to issue additional A Shares and H Shares of the Company
12. To consider and approve the resolution in relation to the issuance of debt financing instruments by the Company for 2024

REPORTING MATTER

The Independent Directors of the Company will submit their 2023 work report to the Shareholders for consideration but not for approval at the AGM.

By order of the Board
CRRC Corporation Limited
Sun Yongcai
Chairman

24 May 2024

Notes:

1. Details of the above resolutions are set out in Appendix II to this circular dated 24 May 2024 regarding the AGM of the Company.
2. Pursuant to the requirements under the Rules for the Shareholders' Meetings of Listed Companies issued by CSRC, at the annual general meeting, each of the Independent Directors shall prepare a work report for the preceding year to the general meeting. Such report will be submitted to the Shareholders for consideration but not for approval at the AGM.
3. The Board of the Company has recommended a final dividend of RMB0.20 per share (tax inclusive) for the year ended 31 December 2023. If such dividend is declared by the Shareholders upon passing the resolution No. 4, the final dividend is expected to be paid on a certain business day (excluding Saturday, Sunday or public holidays in Hong Kong and the PRC) on or before 14 August 2024 to those Shareholders whose names appear on the register of members of the Company on Thursday, 27 June 2024.

Under relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and in line with the market practice regarding dividend distribution of A Shares, the Company will publish a separate announcement in respect of its final dividend distribution to holders of A Shares after the Company's AGM, which will set out the record date and ex-dividend date for final dividend distribution to holders of A Shares.

Timetable arrangements such as the record date, the ex-dividend date and the date of distribution of cash dividend for the investors of northbound trading under Shanghai-Hong Kong Stock Connect will be the same as those for holders of A Shares of the Company. Timetable arrangements such as the record date, the ex-dividend date and the date of distribution of cash dividend for the investors of southbound trading under Shanghai-Hong Kong Stock Connect will be the same as those for holders of H Shares of the Company.

To determine the identity of the Shareholders entitled to receive the final dividend, the Company's register of members will be closed from Monday, 24 June 2024 to Thursday, 27 June 2024 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to the final dividend, H Shareholders of the Company who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 21 June 2024.

NOTICE OF THE AGM

According to the Law on Enterprise Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementing rules which were amended and came into effect on 29 December 2018 and the Notice of the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders Which Are Overseas Non-resident Enterprises (《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》) issued by the State Administration of Taxation (Guo Shui Han [2008] No. 897), the Company is required to withhold enterprise income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H Share register of members of the Company. The enterprise income tax shall be withheld for the dividends of any H shares under the name of non-individual shareholders (any H shares of the Company registered in the name of HKSCC Nominees Limited, other nominees and trustees, or other organizations and institutions, shall be deemed as shares held by non-resident enterprise shareholders, hence enterprise income tax will be deducted from the amount of dividend payable).

According to the Notice on the Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅征管問題的通知》)(Guo Shui Han [2011] No. 348) issued by the State Administration of Taxation, the Company shall withhold and pay the individual income tax for the dividend payable to individual H Shareholders. At the same time, the individual H Shareholders are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries where they are residents and China or the tax arrangements between Chinese mainland and Hong Kong (Macau). If the individual H Shareholders are Hong Kong or Macau residents or residents of the countries having an agreed dividend tax rate of 10% with China, the Company shall withhold and pay the individual income tax at a rate of 10%. If the individual H Shareholders are residents of the countries having an agreed dividend tax rate of less than 10% with China, the Company would apply for entitlement of the relevant agreed preferential tax treatment on their behalf in accordance with the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) (SAT Announcement [2019] No. 35) by the State Administration of Taxation. If the individual H Shareholders are residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In case the individual H Shareholders are residents of the countries that have not entered into any tax agreement with China or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

According to the current practice of the Inland Revenue Department of Hong Kong, dividends paid by the Company in Hong Kong are not subject to taxation.

The Company shall take the registered address (hereinafter the “**Registered Address**”) as recorded in the register of members of the Company on 27 June 2024 to determine the residence of the individual H Shareholders, and accordingly withhold and pay the individual income tax. If the residence of any individual H Shareholder is inconsistent with the Registered Address, he/she should notify the Company's H Share Registrar on or before 4:30 p.m. on 21 June 2024 and provide the relevant supporting documents, and the correspondence details are as follows: Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (Tel: (852) 2862 8555). If such individual H Shareholder has failed to provide the relevant supporting documents to the Company's H Share Registrar within the time period as stated above, the Company will determine his/her residence according to the Registered Address as recorded in the register of members on 27 June 2024.

The Company assumes no responsibility and will not entertain any claims arising from any delay in the determination, or inaccurate determination, of the status of the Shareholders or any dispute over the arrangement of withholding and payment of tax.

4. In accordance with the requirements of the Hong Kong Listing Rules, the resolutions set out in the notice of the AGM will be voted by way of poll. Voting results will be uploaded to the website of the Company at www.crrcgc.cc and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the AGM.
5. Any Shareholder who is entitled to attend and vote at the AGM convened by the above notice shall be entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy needs not be a Shareholder of the Company.

NOTICE OF THE AGM

6. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authorization document, if any, under which it is signed, or a notarially certified copy of such power of attorney or authorization document, should be completed and deposited at the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for H Shareholders), at least 24 hours before the scheduled time to convene the AGM or any adjourned meeting thereof. Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the proxy form will not preclude a Shareholder from attending in person and voting at the AGM or any adjourned meeting thereof should he/she so wish.
7. For the purpose of determining H Shareholders' entitlement to attend the AGM, the H Share register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024 (both days inclusive), during which no transfer of H Shares will be registered. In order for H Shareholders to attend the AGM, all share transfer documents 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, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 12 June 2024. H Shareholders whose names appear on the register of members of the Company maintained by Computershare Hong Kong Investor Services Limited on or before the above date will be eligible to attend the AGM.
8. In the case of joint shareholding and more than one joint shareholder is attending the AGM in person or by proxy, the vote cast by the senior joint shareholder, whether in person or by proxy, will be accepted as the sole vote cast on behalf of all other joint shareholders. For this purpose, the order of seniority will be determined by the order in which the names of the joint shareholders appear in the register of members of the Company in respect of the joint shareholding.
9. The AGM is expected to last for about half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when they attend the AGM.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 aspects 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. DISCLOSURE OF INTERESTS

(1) Interests of Directors, Supervisors and Chief Executive in the Securities of the Company

As at the Latest Practicable Date, the following Director has interests in the A Shares of the Company, further details of which are set out below:

Name	Position	Class of Shares	Number of Shares	Percentage of interest in Shares held in the total issued A Shares	Percentage of interest in Shares held in the total issued Shares
Sun Yongcai	Chairman, Executive Director	A Shares	111,650	0.00046%	0.00039%

Save as disclosed above, as at the Latest Practicable Date, so far as the Company is aware, none of the Directors, Supervisors or the chief executive of the Company and their respective associates had any interests or short positions in the Shares, underlying Shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any Director, Supervisor or the chief executive was taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies as set out in Appendix C3 to the Hong Kong Listing Rules to be notified to the Company and the Hong Kong Stock Exchange (which for this purpose shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

(2) Directors' and Supervisors' Positions in Other Companies

As at the Latest Practicable Date, save as disclosed below, none of the other Directors or Supervisors of the Company was also a director or employee of a company which had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Director/ Supervisor	Position held in CRRC GROUP
Sun Yongcai	Party Secretary, Chairman
Ma Yunshuang	Deputy Party Secretary, Director, General Manager
Wang An	Deputy Party Secretary, Employee Representative Director
Zhao Hu	Chairman of the Labor Union
Zhang Shidong	Head of the Legal Compliance Department

3. CONSENT AND QUALIFICATION OF EXPERT

China Sunrise Capital Limited has given and has not withdrawn its consent to the issue of this circular with the inclusion herein of its letter of advice dated 24 May 2024, and report and references to its name included in the form and context in which it appears.

The following is the qualification of the expert who has given an opinion or advice, which is contained in this circular:

Name	Qualifications
China Sunrise Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, directly or indirectly, in any assets which had been, since 31 December 2023, being the date on which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of material adverse change in the financial or trading positions of the Company since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

5. SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had entered into any service contract with members of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation)).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company or their respective close associates (as defined under the Hong Kong Listing Rules) had any interest in other business which competes or is likely to compete with the business of the Group as if each of them were treated as a controlling shareholder of the Company under Rule 8.10 of the Hong Kong Listing Rules.

7. DIRECTORS AND SUPERVISORS' 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 of the Company had any interest, either directly or indirectly, in any assets which had since 31 December 2023, being the date on which the latest published audited accounts of the Company were made up, been acquired or disposed of by or leased to, or 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 of the Company was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant to the business of the Group.

8. DOCUMENTS AVAILABLE FOR DISPLAY

Copies of the following documents will be published on the website of the Company at www.crrcgc.cc and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Existing Financial Services Framework Agreement;
- (b) the New Financial Services Framework Agreement;
- (c) the letter of recommendation from the Independent Board Committee dated 24 May 2024, the text of which is set out on pages 24 to 25 of this circular;

- (d) the letter of advice from the Independent Financial Adviser dated 24 May 2024, the text of which is set out on pages 26 to 44 of this circular; and
- (e) the written consent given by the Independent Financial Adviser as referred to in the paragraph headed “Consent and Qualification of Expert” in Appendix I of this circular.

ORDINARY RESOLUTIONS:**1. The resolution in relation to the 2023 final financial accounts report of the Company**

The Company has prepared its financial statements and the notes thereto for the year 2023, and engaged KPMG Huazhen LLP Certified Public Accountants to audit the consolidated balance sheet and the balance sheet of the Company as at 31 December 2023, the consolidated income statement, the Company's income statement, the consolidated cash flow statement, the Company's cash flow statement, the consolidated statement of changes in owners' equity and the Company's statement of changes in owners' equity for the period from 1 January 2023 to 31 December 2023, and the notes of the financial statements. KPMG Huazhen LLP Certified Public Accountants is of the opinion that the financial statements are prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China in all material aspects, fairly reflecting the consolidated financial position and the financial position of the Company as at 31 December 2023, the consolidated operating results and the operating results of the Company, as well as the consolidated cash flow and the cash flow of the Company for the year 2023. For details of the above statements, please refer to the 2023 A shares annual report of the Company.

The above resolution in relation to the 2023 final financial accounts report was considered and approved by the Board on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

2. The resolution in relation to the 2023 Work Report of the Board of the Company

In accordance with the relevant provisions of the Articles of Association and the Rules of Procedure for the Board of the Company, the Board of the Company reported the working status of the Board for the year 2023, details of which are set out in Annex A to this circular.

3. The resolution in relation to the 2023 Work Report of the Board of Supervisors of the Company

In accordance with the relevant provisions of the Articles of Association, the Rules of Procedure for General Meetings of the Company and the Rules of Procedure for the Board of Supervisors of the Company, the Board of Supervisors of the Company reported the working status of the Board of Supervisors for the year 2023, details of which are set out in Annex B to this circular.

4. The resolution in relation to the 2023 profit distribution plan of the Company

According to the requirements from the relevant regulatory authorities, the Articles of Association and relevant laws and regulations, after fully taking into account the net profits for 2023, the financial affordability and the development needs of the Company, the Board proposed the 2023 profit distribution plan as follows:

- (1) The profit distribution of the Company for the year 2023 will be carried out by way of cash dividend.
- (2) As of 31 December 2023, the profit available for distribution at the end of the period of the Company is RMB8.236 billion. The Company will distribute cash dividends to all shareholders based on the total share capital registered on the registration date for dividend distribution (the specific date will be clarified in the announcement on the implementation of dividend distribution). As of 31 December 2023, the total share capital of the Company was 28,698,864,088 shares, based on which and calculating at cash dividend of RMB2.0 (tax inclusive) per 10 shares, the Company is proposed to distribute cash dividend of RMB5.740 billion (tax inclusive) in aggregate, and the remaining undistributed profit will be carried forward for next year's distribution. The Company's cash dividends for the year accounted for 49.01% of the Company's net profit attributable to shareholders of listed company in 2023. In the case where, from the date of disclosure of announcement on profit distribution plan to the date of registration date for dividend distribution, there are changes in the total share capital of the Company due to the conversion of convertible bonds, repurchase of shares, cancellation of repurchased shares granted under equity incentive schemes, cancellation of repurchased shares due to material asset restructuring, etc., the Company proposes to keep the total distribution amount unchanged, and to adjust the distribution proportion per share accordingly. If the total share capital of the Company changes subsequently, specific adjustments will be announced separately.
- (3) For holders of A Shares, the dividend will be denominated, declared and paid in Renminbi; for holders of H Shares, the dividend will be denominated and declared in Renminbi and paid in HK dollars. The actual amount distributed in HK dollars will be calculated based on the average benchmark exchange rate between Renminbi and HK dollar as published by the People's Bank of China for five working days prior to the date for convening the general meeting for considering the profit distribution plan.
- (4) For the profit distribution, the amount of cash dividends to be paid to Qualified Foreign Institutional Investors ("QFII") of A Shares, other institutional investors of A Shares (excluding the aforesaid QFII) and individual investors of A Shares is RMB0.20/Share (tax inclusive, with appropriate income tax to be withheld and paid by the Company according to the applicable taxation laws and regulations of the PRC upon dividends distribution). The amount of cash dividends to be paid to non-resident

enterprise shareholders of H Shares and individual investors of H Shares is RMB0.20/Share (tax inclusive, with appropriate income tax to be withheld and paid by the Company according to the applicable taxation laws and regulations of the PRC upon dividends distribution).

- (5) Matters in relation to profit distribution to investors of Shanghai-Hong Kong Stock Connect.
- 1) Northbound Trading. For investors of The Stock Exchange of Hong Kong Limited (including corporates and individuals) investing in the A Shares of the Company through northbound trading, their dividends will be distributed in Renminbi by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such Shares. Taxes shall be withheld pursuant to the Notice of MOF, SAT and CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81). The Company shall withhold income tax at the rate of 10%, the actual cash dividends after tax to be distributed will be RMB0.18 per share. For investors of northbound trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authority of the Company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.
 - 2) Southbound Trading. For investors of the SSE (including corporates and individuals) investing in the H Shares of the Company through southbound trading, the Company will sign the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading (《港股通H股股票現金紅利派發協議》) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which the Shanghai Branch of China Securities Depository and Clearing Corporation Limited will, as the nominee of the investors of southbound trading, receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of southbound trading through its depository and clearing system. The cash dividends for the investors of southbound trading will be paid in Renminbi. Taxes shall be withheld pursuant to the Notice of MOF, SAT and CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81). For dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share company

shall withhold individual income tax at the rate of 20% on behalf of such investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The H-share company shall not withhold income tax on dividends for domestic corporate investors and those domestic corporate investors shall report and pay the relevant tax by themselves.

- (6) Matters in relation to profit distribution to investors of southbound trading under Shenzhen-Hong Kong Stock Connect.

For investors of the Shenzhen Stock Exchange (including corporates and individuals) investing in the H Shares of the Company through southbound trading, the Company will sign the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading (《港股通H股股票現金紅利派發協議》) with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited will, as the nominee of the investors of southbound trading, receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of southbound trading through its depository and clearing system. The cash dividends for the investors of southbound trading will be paid in Renminbi. Taxes shall be withheld pursuant to the Notice of MOF, SAT and CSRC on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2016] No. 127). For dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share company shall withhold individual income tax at the rate of 20% on behalf of such investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The H-share company shall not withhold income tax on dividends for domestic corporate investors and those domestic corporate investors shall report and pay the relevant tax by themselves.

The above 2023 profit distribution plan was considered and approved by the Board on 28 March 2024 and is hereby submitted to the AGM for consideration and approval. Meanwhile, the Board proposes that the Board be generally and unconditionally authorized by the AGM to implement the relevant matters in respect of the distribution of the profit and the Board be asked to further delegate the above authorization to the Company's chairman and president to be responsible for specific implementation and to handle the withholding of tax and other matters according to applicable laws and regulations and the requirements of relevant regulatory authorities.

5. The resolution in relation to the arrangement of guarantees by the Company for 2024

Based on the daily production and operation needs of the wholly-owned and non-wholly-owned subsidiaries (the “**subsidiaries**”) of the Company, the Company and its subsidiaries propose to provide guarantees for subsidiaries of the Company in respect of their financing and credit business, such as bank credit facilities, for 2024 and provided parent guarantees to certain subsidiaries of the Company in respect of their business such as domestic and overseas bidding and contract performance, with a total guarantee amount of RMB128.32 billion (or foreign currency equivalent, hereinafter the same). The specific arrangement is as follows:

(1) Guarantee amount

- (i) The Company will provide guarantee of RMB23.3 billion to its wholly-owned subsidiaries in respect of their financing and credit business and will undertake joint liabilities for debts arising from the various businesses of the guaranteed parties involving the use of credit. The details of the guarantees are set out below:

Name of guaranteed party	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	64.91%	80,000
CRRC Luoyang Co., Ltd.(中車洛陽機車有限公司)	67.75%	20,000
CRRC Datong Co., Ltd.(中車大同電力機車有限公司)	64.52%	30,000
CRRC Dalian Co., Ltd.(中車大連機車車輛有限公司)	74.46%	80,000
CRRC Lanzhou Co., Ltd.(中車蘭州機車有限公司)	83.62%	20,000
CRRC Qishuyan Co., Ltd.(中車戚墅堰機車有限公司)	63.58%	40,000
CRRC Tangshan Co., Ltd.(中車唐山機車車輛有限公司)	62.23%	120,000
CRRC Nanjing Puzhen Co., Ltd.(中車南京浦鎮車輛有限公司)	73.27%	200,000
CRRC Yangtze Group Co., Ltd. (中車長江運輸設備集團有限公司)	59.80%	40,000
CRRC Zhuzhou Rolling Stock Co., Ltd. (中車株洲車輛有限公司)	62.01%	15,000
CRRC Changzhou Co., Ltd.(中車常州車輛有限公司)	65.25%	5,000
CRRC Yangtze Co., Ltd.(中車長江車輛有限公司)	83.29%	30,000
CRRC Yangtze Tongling Co., Ltd. (中車長江銅陵車輛有限公司)	61.23%	10,000
CRRC Guiyang Co., Ltd.(中車貴陽車輛有限公司)	43.97%	45,000
CRRC Xi'an Co., Ltd.(中車西安車輛有限公司)	37.25%	40,000
CRRC Meishan Co., Ltd.(中車眉山車輛有限公司)	54.96%	70,000

Name of guaranteed party	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	45.73%	70,000
Beijing CRRC Heavy Industry Machinery Co., Ltd. (北京中車重工機械有限公司)	56.77%	10,000
CRRC Sifang Institute Co., Ltd. (中車青島四方車輛研究所有限公司)	48.18%	20,000
Tianjin CRRC Sifang Institute Technology Co., Ltd. (天津中車四方所科技有限公司)	4.43%	300
CRRC Brake System Co., Ltd. (中車制動系統有限公司)	50.51%	5,000
CRRC Yongji Electric Co., Ltd. (中車永濟電機有限公司)	63.77%	25,000
CRRC Dalian R&D Co., Ltd. (中車大連電力牽引研發中心有限公司)	76.03%	14,000
CRRC Xi'an Yonge Jieli Wind Energy Co., Ltd. (西安中車永電捷力風能有限公司)	59.95%	120,000
CRRC Xi'an Yonge Electric Co., Ltd. (西安中車永電電氣有限公司)	46.22%	4,000
CRRC Zhuzhou Electric Co., Ltd. (中車株洲電機有限公司)	60.29%	30,000
CRRC Information Technology Co., Ltd. (中車信息技術有限公司)	28.45%	2,000
CRRC Logistics Co., Ltd. (中車物流有限公司)	100.15%	500,000
CRRC International Co., Ltd. (中車國際有限公司)	65.15%	50,000
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	66.95%	100,000
CRRC Qiqihar Rolling Stock Co., Ltd. (中車齊齊哈爾車輛有限公司)	50.29%	20,000
Dalian CRRC Daqi Container Co., Ltd. (大連中車大齊集裝箱有限公司)	49.20%	5,000
CRRC Harbin Rolling Stock Co., Ltd. (中車哈爾濱車輛有限公司)	56.74%	10,000
Mudanjiang CRRC Jinyuan Casting Industry Co., Ltd. (牡丹江中車金緣鑄業有限公司)	34.85%	5,000
CRRC Shenyang Co., Ltd. (中車瀋陽機車車輛有限公司)	66.04%	40,000
CRRC Shijiazhuang Co., Ltd. (中車石家莊車輛有限公司)	66.90%	30,000
CRRC Taiyuan Co., Ltd. (中車太原機車車輛有限公司)	76.01%	30,000
CRRC Jinan Co., Ltd. (中車山東機車車輛有限公司)	70.61%	20,000
CRRC Shandong Wind Power Co., Ltd. (中車山東風電有限公司)	81.11%	80,000
Shandong CRRC Tonglida Intelligent Equipment Co., Ltd. (山東中車同力達智能裝備有限公司)	56.02%	1,000

Name of guaranteed party	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
Shandong CRRC Tongli Steel Structure Co., Ltd. (山東中車同力鋼構有限公司)	82.49%	32,000
Jilin CRRC Wind Power Equipment Co., Ltd. (吉林中車風電裝備有限公司)	81.88%	49,000
Jiangsu CRRC Huateng Environmental Protection Technology Co., Ltd. (江蘇中車華騰環保科技有限公司)	66.55%	5,000
Allowance	Managed at over 70%	207,700
Total		<u>2,330,000</u>

The guarantee amounts mentioned above are based on the estimate of the current business conditions. Based on possible changes, the Company will provide guarantee of the above in the total range of RMB23.3 billion to its wholly-owned subsidiaries in respect of their financing and credit business, which can be adjusted within the total amount in accordance with the relevant regulations.

- (ii) The Company will provide guarantee of RMB7.47 billion to its non-wholly-owned subsidiaries in respect of their financing and credit business and will undertake joint liabilities for debts arising from the various businesses of the guaranteed parties involving the use of credit. The details of the guarantees are set out below:

Name of guaranteed party	Shareholding	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)	97.81%	68.89%	160,000
CRRC ITET Co., Ltd. (中車智能交通工程技術有限公司)	50.00%	66.02%	30,000
Jiangsu CRRC Urban Development Co., Ltd. (江蘇中車城市發展有限公司)	50.00%	78.06%	170,000

Name of guaranteed party	Shareholding	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
Jiangsu CRRC Electromechanical Technology Co., Ltd. (江蘇中車機電科技有限公司)	50.00%	59.34%	50,000
Chongqing CRRC Construction Engineering Co., Ltd. (重慶中車建設工程有限公司)	50.00%	51.44%	10,000
CRRC MA Corporation (美國中車麻省公司)	94.14%	103.99%	200,000
Nanjing CRRC Puzhen Urban Rail Transit Vehicles Co., Ltd. (南京中車浦鎮城軌車輛有限責任公司)	95.00%	82.09%	23,500
Datong CRRC Amsted Castings Company Ltd. (大同中車愛碧鑿鑄造有限公司)	60.00%	45.29%	2,600
CRRC Voith Transmission Technology (Beijing) Co., Ltd. (中車福伊特傳動技術(北京)有限公司)	51.00%	142.77%	1,350
Allowance		Managed at over 70%	100,000
Total			<u>747,450</u>

The guarantee amounts mentioned above are based on the estimate of the current business conditions. Based on possible changes, the Company will provide guarantee of the above in the total range of RMB7.47 billion to its non-wholly-owned subsidiaries in respect of their financing and credit business, which can be adjusted within the total amount and in accordance with the relevant regulations.

- (iii) The direct wholly-owned subsidiaries of the Company, the listed company, CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司), CRRC Meishan Co., Ltd. (中車眉山車輛有限公司) will provide guarantee of RMB16.03 billion to subsidiaries in respect of their financing and credit business and will undertake joint guarantee liabilities for debts arising from the various businesses of the guaranteed parties involving the use of credit, the details of which are set out below:

Name of guarantor	Name of guaranteed party	Shareholding	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
CRRC Changchun Railway Vehicles Co., Ltd. (中車長春軌道客車股份有限公司)	Australia CRRC Changke Rail Transit Equipment Co., Ltd. (澳大利亞中車長客軌道交通裝備有限公司)	100.00%	112.33%	75,000
	Colombia CRRC Changke Corporation (哥倫比亞中車長客股份公司)	100.00%	8.69%	80,000
	Israel CRRC Changke Rail Transit Equipment Co., Ltd. (以色列中車長客軌道交通裝備有限公司)	100.00%	51.92%	2,000
	Allowance		Managed at Over 70%	70,000
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	CRRC Zhuzhou Locomotive (Europe) Co., Ltd. (中車株機(歐洲)有限責任公司)	100.00%	89.59%	40,800
	Vossloh Rolling Stock GmbH	100.00%	95.07%	400,000
	Mexican Rail Transit Equipment Consortium (墨西哥軌道交通裝備聯合體公司)	49.00%	78.61%	85,000
	Mexico Rail Transit Equipment Co., Ltd. (墨西哥軌道交通裝備有限公司)	99.00%	87.44%	10,000
	Malaysia CRRC Rail Transit Equipment Co., Ltd. (馬來西亞中車軌道交通裝備有限公司)	70.00%	43.75%	1,200
	Allowance		Managed at Over 70%	50,000

Name of guarantor	Name of guaranteed party	Shareholding	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	Ningxia CRRC New Energy Co., Ltd. (寧夏中車新能源有限公司)	100.00%	84.51%	10,000
	Hunan Lixing Power Technology Co., Ltd. (湖南力行動力科技有限公司)	100.00%	61.87%	10,000
	Xiangyang CRRC Motor Technology Co., Ltd. (襄陽中車電機技術有限公司)	100.00%	66.40%	10,000
	Beijing CRRC Heavy Industry Machinery Co., Ltd. (北京中車重工機械有限公司)	100.00%	56.77%	10,000
	Shanghai CRRC Hange Marine & Offshore Engineering Co., Ltd. (上海中車漢格船舶與海洋工程有限公司)	100.00%	35.63%	8,000
	Guizhou CRRC Times Green Equipment Co., Ltd. (貴州中車時代綠色裝備有限公司)	100.00%	0.00%	10,000
	Jixi CRRC New Energy Equipment Co., Ltd. (雞西中車新能源裝備有限公司)	100.00%	83.16%	10,000
	Jiamusi CRRC New Energy Equipment Co., Ltd. (佳木斯中車新能源裝備有限公司)	100.00%	94.94%	10,000
	Guangxi CRRC New Energy Equipment Co., Ltd. (廣西中車新能源裝備有限公司)	100.00%	65.88%	10,000
	Allowance		Managed at Over 70%	70,000

Name of guarantor	Name of guaranteed party	Shareholding	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
Zhuzhou CRRC Times Electric Co., Ltd. (株洲中車時代電氣股份有限公司)	Soil Machine Dynamics Ltd	100.00%	102.91%	25,000
	CRRC SMD (Shanghai) Ltd. (上海中車艾森迪海洋裝備有限公司)	100.00%	64.03%	8,000
	Ningbo CRRC Times Electric Equipment Co., Ltd. (寧波中車時代電氣設備有限公司)	100.00%	65.42%	10,000
	Ningbo CRRC Times Transducer Technology Co., Ltd. (寧波中車時代傳感技術有限公司)	100.00%	50.90%	10,000
	Allowance		Managed at Over 70%	5,000
CRRC Hongkong Co., Ltd. (中國中車(香港)有限公司)	Mexican Rail Transit Equipment Consortium (墨西哥軌道交通裝備聯合體公司)	51.00%	78.61%	91,000
	Allowance		Managed at Over 70%	100,000
Zhuzhou Times New Material Technology Co., Ltd. (株洲時代新材料科技股份有限公司)	CRRC New Material Technologies GmbH	68.08%	68.17%	80,000
	Zhuzhou Times Rubber and Plastics Components Development Co., Ltd. (株洲時代橡塑元件開發有限責任公司)	100.00%	60.19%	1,000
	Allowance		Managed at Over 70%	10,000
CRRC Datong Co., Ltd. (中車大同電力機車有限公司)	CHY Environment Engineering Co., Ltd. (世紀華揚環境工程有限公司)	51.00%	79.13%	7,200
CRRC Meishan Co., Ltd. (中車眉山車輛有限公司)	Meishan CRRC Fastening System Co., Ltd. (眉山中車緊固件科技有限公司)	100.00%	38.75%	3,000

APPENDIX II

MATTERS TO BE CONSIDERED AT THE AGM

Name of guarantor	Name of guaranteed party	Shareholding	Guaranteed party's gearing ratio at the end of 2023	Guarantee amount (RMB'0,000)
CRRC Qishuyan Institute Co., Ltd. (中車戚墅堰機車車輛工藝研究所有限公司)	CRRC Changzhou AUTO PARTS Co., Ltd. (常州中車汽車零部件有限公司)	100.00%	60.43%	12,000
	CRRC Changzhou Tech-Mark Technology Industrial Co., Ltd. (常州中車鐵馬科技實業有限公司)	100.00%	59.23%	5,000
	Changzhou Leadrun Manufacturing Co., Ltd. (常州朗銳鑄造有限公司)	100.00%	43.23%	1,200
	CRRC Changzhou Ruitai Equipment Technology Co., Ltd. (常州中車瑞泰裝備科技有限公司)	100.00%	60.85%	20,000
CRRC Dalian Co., Ltd. (中車大連機車車輛有限公司)	Dalian CRRC Diesel Engine Co., Ltd. (大連中車柴油機有限公司)	100.00%	59.34%	15,000
CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)	Qingdao CRRC Sifang Rolling Stock Co., Ltd. (青島中車四方軌道車輛有限公司)	100.00%	50.69%	50,000
CRRC Qiche Group Co., Ltd. (中車齊車集團有限公司)	CRRC Xilingol Wind Power Co., Ltd. (中車風電(錫林郭勒)有限公司)	100.00%	53.70%	17,100
CRRC Tangshan Co., Ltd. (中車唐山機車車輛有限公司)	Wuyi Tramways Co., Ltd (福建南平武夷有軌電車有限公司)	73.00%	71.81%	110,000
CRRC Yangtze Group Co., Ltd. (中車長江運輸設備集團有限公司)	CRRC Changzhou Co., Ltd. (中車常州車輛有限公司)	100.00%	65.25%	10,000
	CRRC Zhuzhou Rolling Stock Co., Ltd. (中車株洲車輛有限公司)	100.00%	62.01%	10,000
CRRC Zhuzhou Electric Co., Ltd. (中車株洲電機有限公司)	Jiangsu CRRC Electric Co., Ltd. (江蘇中車電機有限公司)	84.87%	66.84%	3,600
	Chengdu CRRC Electric Co., Ltd. (成都中車電機有限公司)	100.00%	67.82%	26,400
Total				<u>1,602,500</u>

The guarantee amounts mentioned above are based on the estimate of the current business conditions. Based on possible changes, where the guarantors are the same party, they may be adjusted within the total amount of their guarantee in accordance with the relevant regulations.

- (iv) The Company will provide parent guarantee equivalent to RMB81.52 billion to subsidiaries in respect of their domestic and overseas bidding and contract performance businesses and will undertake guarantee liability within the scope agreed under the guarantee contract, among which RMB26.0 billion will be for wholly-owned subsidiaries and RMB55.52 billion for non-wholly-owned subsidiaries. Depending on the equity level of the actual signing entity within the internal organization of the Company, part of the parent guarantee may be signed by the direct wholly-owned subsidiaries.

The validity period of the guarantee amounts mentioned above will commence from the date of approval at the 2023 annual general meeting until the date on which the 2024 annual general meeting is convened.

The guarantee amounts mentioned above are based on the estimate of the current business conditions. Based on possible changes, the guarantee provided between the wholly-owned subsidiaries or the non-wholly-owned subsidiaries under the abovementioned guarantee plan may be adjusted within the total guarantee amount.

- (v) The Company and its subsidiaries proposed to provide guarantees in respect of the financing and credit business in a total amount of RMB46.8 billion in 2024, among which, the Company will provide RMB17.43 billion in guarantees to its subsidiaries with a gearing ratio of less than 70%, and RMB29.37 billion in guarantees to its subsidiaries with a gearing ratio of 70% or above.

As the total amount of the above guarantee plan has reached the level that is required to be submitted to the general meeting of the Company for consideration according to the relevant laws, regulations and regulatory documents as well as the rules of the internal system of the Company, therefore, the abovementioned guarantee plan must be submitted to the general meeting of the Company for consideration.

(2) Basic status of the guaranteed party

Name of entity	Total assets (RMB'0,000)	As of 31 December 2023		Gearing ratio (%)
		Total liabilities (RMB'0,000)	Net assets (RMB'0,000)	
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	3,865,212.79	2,509,099.49	1,356,113.30	64.91%
CRRC Zhuzhou Locomotive (Europe) Co., Ltd. (中車株機(歐洲)有限責任公司)	71,204.37	63,795.36	7,409.01	89.59%
Malaysia CRRC Rail Transit Equipment Co., Ltd. (馬來西亞中車軌道交通裝備有限公司)	50,600.50	22,137.03	28,463.47	43.75%
Vossloh Rolling Stock GmbH	302,314.25	287,409.85	14,904.40	95.07%
Mexico Rail Transit Equipment Co., Ltd. (墨西哥軌道交通裝備有限公司)	88,580.66	77,451.83	11,128.83	87.44%
CRRC Luoyang Co., Ltd. (中車洛陽機車有限公司)	314,897.20	213,351.64	101,545.56	67.75%
CRRC Datong Co., Ltd. (中車大同電力機車有限公司)	695,973.74	449,066.33	246,907.41	64.52%
Datong CRRC Amsted Castings Company Ltd. (大同中車愛碧璽鑄造有限公司)	82,088.25	37,179.94	44,908.31	45.29%
CHY Environment Engineering Co., Ltd. (世紀華揚環境工程有限公司)	44,474.10	35,193.98	9,280.12	79.13%
CRRC Dalian Co., Ltd. (中車大連機車車輛有限公司)	3,214,141.53	2,393,324.46	820,817.07	74.46%
CRRC Lanzhou Co., Ltd. (中車蘭州機車有限公司)	511,783.81	427,960.53	83,823.28	83.62%
Dalian CRRC Diesel Engine Co., Ltd. (大連中車柴油機有限公司)	168,929.46	100,240.06	68,689.40	59.34%
CRRC Qishuyan Co., Ltd. (中車戚墅堰機車有限公司)	379,480.70	241,265.29	138,215.41	63.58%
CRRC Changzhou AUTO PARTS Co., Ltd. (常州中車汽車零部件有限公司)	181,182.43	109,496.15	71,686.28	60.43%
CRRC Changzhou Tech-Mark Technology Industrial Co., Ltd. (常州中車鐵馬科技實業有限公司)	80,954.85	47,950.41	33,004.44	59.23%

Name of entity	As of 31 December 2023			Gearing ratio (%)
	Total assets (RMB'0,000)	Total liabilities (RMB'0,000)	Net assets (RMB'0,000)	
Changzhou Leadrun Manufacturing Co., Ltd. (常州朗銳鑄造有限公司)	22,671.00	9,800.06	12,870.94	43.23%
CRRC Changzhou Ruitai Equipment Technology Co., Ltd. (常州中車瑞泰裝備科技有限公司)	158,433.56	96,404.79	62,028.76	60.85%
CRRC Tangshan Co., Ltd. (中車唐山機車車輛有限公司)	3,270,019.10	2,034,965.26	1,235,053.85	62.23%
Wuyi Tramways Co., Ltd. (福建南平武夷有軌電車有限公司)	252,773.97	181,522.23	71,251.74	71.81%
CRRC Nanjing Puzhen Co., Ltd. (中車南京浦鎮車輛有限公司)	2,799,230.44	2,050,922.35	748,308.08	73.27%
Nanjing CRRC Puzhen Urban Rail Transit Vehicles Co., Ltd. (南京中車浦鎮城軌車輛有限責任公司)	491,416.13	403,397.95	88,018.18	82.09%
CRRC Qiqihar Rolling Stock Co., Ltd. (中車齊齊哈爾車輛有限公司)	765,465.91	384,970.90	380,495.01	50.29%
Dalian CRRC Daqi Container Co., Ltd. (大連中車大齊集裝箱有限公司)	133,849.19	65,848.01	68,001.17	49.20%
CRRC Harbin Rolling Stock Co., Ltd. (中車哈爾濱車輛有限公司)	133,403.71	75,690.64	57,713.06	56.74%
Mudanjiang CRRC Jinyuan Casting Industry Co., Ltd. (牡丹江中車金緣鑄業有限公司)	53,767.84	18,737.22	35,030.61	34.85%
CRRC Shijiazhuang Co., Ltd. (中車石家莊車輛有限公司)	365,573.34	244,575.70	120,997.64	66.90%
CRRC Shenyang Co., Ltd. (中車瀋陽機車車輛有限公司)	206,311.06	136,244.51	70,066.55	66.04%
CRRC Jinan Co., Ltd. (中車山東機車車輛有限公司)	1,355,918.44	957,385.29	398,533.15	70.61%
CRRC Shandong Wind Power Co., Ltd. (中車山東風電有限公司)	796,848.59	646,348.27	150,500.32	81.11%
Jilin CRRC Wind Power Equipment Co., Ltd. (吉林中車風電裝備有限公司)	250,971.89	205,505.43	45,466.46	81.88%

Name of entity	As of 31 December 2023			Gearing ratio (%)
	Total assets (RMB'0,000)	Total liabilities (RMB'0,000)	Net assets (RMB'0,000)	
Shandong CRRC Tongli Steel Structure Co., Ltd. (山東中車同力鋼構有限公司)	157,829.77	130,201.49	27,628.28	82.49%
Shandong CRRC Tonglida Intelligent Equipment Co., Ltd. (山東中車同力達智能裝備有限公司)	11,047.85	6,189.35	4,858.50	56.02%
Jiangsu CRRC Huateng Environmental Protection Technology Co., Ltd. (江蘇中車華騰環保科技有限公司)	126,938.47	84,476.02	42,462.45	66.55%
CRRC Xilingol Wind Power Co., Ltd. (中車風電(錫林郭勒)有限公司)	37,880.63	20,343.47	17,537.16	53.70%
CRRC Yangtze Group Co., Ltd. (中車長江運輸設備集團有限公司)	1,880,331.31	1,124,430.77	755,900.54	59.80%
CRRC Yangtze Co., Ltd. (中車長江車輛有限公司)	421,740.64	351,256.29	70,484.35	83.29%
CRRC Yangtze Tongling Co., Ltd. (中車長江銅陵車輛有限公司)	95,524.36	58,487.26	37,037.10	61.23%
CRRC Xi'an Co., Ltd. (中車西安車輛有限公司)	275,207.99	102,510.16	172,697.83	37.25%
CRRC Guiyang Co., Ltd. (中車貴陽車輛有限公司)	223,117.73	98,113.03	125,004.70	43.97%
CRRC Taiyuan Co., Ltd. (中車太原機車車輛有限公司)	495,311.45	376,476.47	118,834.98	76.01%
CRRC Meishan Co., Ltd. (中車眉山車輛有限公司)	285,501.64	156,898.68	128,602.96	54.96%
Meishan CRRC Fastening System Co., Ltd. (眉山中車緊固件科技有限公司)	54,615.06	21,163.90	33,451.16	38.75%
CRRC Changzhou Co., Ltd. (中車常州車輛有限公司)	69,789.20	45,538.67	24,250.53	65.25%
CRRC Zhuzhou Rolling Stock Co., Ltd. (中車株州車輛有限公司)	216,722.22	134,381.60	82,340.62	62.01%
CRRC Zhuzhou Institute Co., Ltd. (中車株州電力機車研究所有限公司)	9,144,578.98	4,182,068.84	4,962,510.13	45.73%

Name of entity	As of 31 December 2023			Gearing ratio (%)
	Total assets (RMB'0,000)	Total liabilities (RMB'0,000)	Net assets (RMB'0,000)	
Ningxia CRRC New Energy Co., Ltd. (寧夏中車新能源有限公司)	17,572.24	14,849.58	2,722.66	84.51%
Jixi CRRC New Energy Equipment Co., Ltd. (雞西中車新能源裝備有限公司)	10,683.94	8,884.81	1,799.12	83.16%
Jiamusi CRRC New Energy Equipment Co., Ltd. (佳木斯中車新能源裝備有限公司)	43,265.85	41,077.93	2,187.92	94.94%
Guizhou CRRC Times Green Equipment Co., Ltd. (貴州中車時代綠色裝備有限公司)	0.00	0.00	0.00	0.00%
Hunan Lixing Power Technology Co., Ltd. (湖南力行動力科技有限公司)	38,076.77	23,558.28	14,518.49	61.87%
Xiangyang CRRC Motor Technology Co., Ltd. (襄陽中車電機技術有限公司)	211,418.13	140,377.29	71,040.84	66.40%
Beijing CRRC Heavy Industry Machinery Co., Ltd. (北京中車重工機械有限公司)	133,712.23	75,909.68	57,802.55	56.77%
Shanghai CRRC Hange Marine & Offshore Engineering Co., Ltd. (上海中車漢格船舶與海洋工程有限公司)	35,677.30	12,711.23	22,966.07	35.63%
Guangxi CRRC New Energy Equipment Co., Ltd. (廣西中車新能源裝備有限公司)	35,744.88	23,550.30	12,194.58	65.88%
CRRC SMD (Shanghai) Ltd. (上海中車艾森迪海洋裝備有限公司)	112,373.68	71,950.11	40,423.57	64.03%
Soil Machine Dynamics Ltd	100,282.97	103,202.33	-2,919.36	102.91%
Ningbo CRRC Times Electric Equipment Co., Ltd. (寧波中車時代電氣設備有限公司)	36,300.13	23,746.51	12,553.62	65.42%
Ningbo CRRC Times Transducer Technology Co., Ltd. (寧波中車時代傳感技術有限公司)	124,008.75	63,123.49	60,885.26	50.90%
CRRC New Material Technologies GmbH	533,879.65	363,932.75	169,946.89	68.17%

Name of entity	Total assets (RMB'0,000)	As of 31 December 2023		Gearing ratio (%)
		Total liabilities (RMB'0,000)	Net assets (RMB'0,000)	
Zhuzhou Times Rubber and Plastics Components Development Co., Ltd. (株洲時代橡塑元件開發 有限責任公司)	24,948.10	15,016.76	9,931.34	60.19%
CRRC Sifang Institute Co., Ltd. (中車青島四方車輛 研究所有限公司)	1,287,163.54	620,121.47	667,042.08	48.18%
CRRC Brake System Co., Ltd. (中車制動系統有限公司)	581,927.70	293,915.61	288,012.09	50.51%
Tianjin CRRC Sifang Institute Technology Co., Ltd. (天津中車四方所科技(有限)公司)	33,046.46	1,462.34	31,584.12	4.43%
CRRC Yongji Electric Co., Ltd. (中車永濟電機 有限公司)	1,299,212.07	828,519.85	470,692.22	63.77%
CRRC Xi'an Yonge Jieli Wind Energy Co., Ltd. (西安中車永捷力風能(有限)公司)	367,007.18	220,015.66	146,991.52	59.95%
CRRC Xi'an Yonge Electric Co., Ltd. (西安中車永電電氣 有限公司)	577,749.59	267,037.43	310,712.16	46.22%
CRRC Dalian R&D Co., Ltd. (中車大連電力牽引研發中心(有限)公司)	135,287.02	102,859.61	32,427.41	76.03%
CRRC Zhuzhou Electric Co., Ltd. (中車株洲電機(有限)公司)	1,042,701.27	628,638.64	414,062.63	60.29%
Chengdu CRRC Electric Co., Ltd. (成都中車電機 有限公司)	116,473.31	78,989.28	37,484.03	67.82%
Jiangsu CRRC Electric Co., Ltd. (江蘇中車電機(有限)公司)	487,659.49	325,956.65	161,702.84	66.84%
CRRC Information Technology Co., Ltd. (中車信息技術 有限公司)	89,740.72	25,530.79	64,209.93	28.45%
CRRC International Co., Ltd. (中車國際(有限)公司)	1,304,244.87	849,665.13	454,579.74	65.15%
CRRC Hongkong Co., Ltd. (中國中車(香港)(有限)公司)	1,240,005.35	830,203.99	409,801.37	66.95%
Mexican Rail Transit Equipment Consortium (墨西哥軌道交通裝備聯合體(有限)公司)	590,550.68	464,239.42	126,311.27	78.61%

Name of entity	Total assets (RMB'0,000)	As of 31 December 2023		Gearing ratio (%)
		Total liabilities (RMB'0,000)	Net assets (RMB'0,000)	
CRRC Logistics Co., Ltd. (中車物流有限公司)	1,705,856.57	1,708,444.13	-2,587.56	100.15%
CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車 輛股份有限公司)	7,603,724.05	5,230,747.91	2,372,976.14	68.79%
Qingdao CRRC Sifang Rolling Stock Co., Ltd. (青島中車四方軌道車輛有限公司)	316,305.91	160,343.73	155,962.18	50.69%
CRRC ITET Co., Ltd. (中車智能 交通工程技術有限公司)	788,264.06	520,429.42	267,834.65	66.02%
Chongqing CRRC Construction Engineering Co., Ltd. (重慶中車建設工程有限公司)	135,305.23	69,606.53	65,698.70	51.44%
Jiangsu CRRC Electromechanical Technology Co., Ltd. (江蘇中車機電科技 有限公司)	35,346.25	20,974.62	14,371.63	59.34%
Jiangsu CRRC Urban Development Co., Ltd. (江蘇中車城市發展有限公司)	502,095.69	391,937.96	110,157.73	78.06%
CRRC Voith Transmission Technology (Beijing) Co., Ltd. (中車福伊特傳動技術 (北京)有限公司)	59,149.72	84,450.70	-25,300.99	142.77%
CRRC MA Corporation (美國中車麻省公司)	331,159.30	344,359.51	-13,200.21	103.99%
Australia CRRC Changke Rail Transit Equipment Co., Ltd. (澳大利亞中車長客軌道交通裝備 有限公司)	80,711.99	90,664.18	-9,952.19	112.33%
Israel CRRC Changke Rail Transit Equipment Co., Ltd. (以色列中車長客軌道交通裝備 有限公司)	4,525.40	2,349.64	2,175.75	51.92%
Colombia CRRC Changke Corporation (哥倫比亞中車長客 股份公司)	1,653.48	143.75	1,509.73	8.69%

(3) Total amount of guarantees and amount of overdue guarantees

As of 31 December 2023, the Company and its subsidiaries provided RMB63.680 billion in total amount of external guarantees, representing 39.56% of the audited net assets attributable to the parent company in 2023 and 13.50% of the audited total assets in 2023.

As of 31 December 2023, the Company provided RMB60.101 billion in total amount of guarantees to its subsidiaries, representing 37.34% of the audited net assets attributable to the parent company in 2023.

The Company and its controlled subsidiaries have no overdue external guarantees.

The above resolution in relation to the arrangement of guarantees for 2024 was considered and approved by the Board on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

6. The resolution in relation to the entering into of the related party transaction agreements between the Company and CRRC GROUP

Reference is made to the announcement on discloseable transaction and continuing connected transaction of the Company dated 28 March 2024 in relation to, among other things, the entering into of the Product and Service Mutual Provision Framework Agreement and the Fixed Asset and Property Leasing Framework Agreement between the Company and CRRC GROUP. As disclosed in the aforesaid announcement, the transactions under the Product and Service Mutual Provision Framework Agreement and the Fixed Asset and Property Leasing Framework Agreement constitute continuing connected transactions for the Company under the Hong Kong Listing Rules. The Company estimates that under the Product and Service Mutual Provision Framework Agreement: (i) the annual caps for the amounts to be paid by CRRC GROUP and/or its associates for provision of products and services by the Group for each of the three years ending 31 December 2027 will amount to RMB7,000 million, RMB7,000 million and RMB7,000 million, respectively; and (ii) the annual caps for the amounts to be paid by the Group for provision of products and services by CRRC GROUP and/or its associates for each of the three years ending 31 December 2027 will amount to RMB4,000 million, RMB4,000 million and RMB4,000 million, respectively; under the Fixed Asset and Property Leasing Framework Agreement: (i) the annual caps for the transaction in respect of leasing of fixed assets and properties from CRRC GROUP and/or its associates by the Group for each of the three years ending 31 December 2027 will amount to RMB500 million, RMB500 million and RMB500 million, respectively; and (ii) the annual caps for the amounts to be paid by CRRC GROUP and/or its associates for leasing of fixed assets and properties from the Group for each of the three years ending 31 December 2027 will amount to RMB200 million, RMB200 million and RMB200 million, respectively. As the highest applicable percentage ratio exceeds 0.1% but is less than 5% in respect of such transactions, such transactions are subject to annual review and announcement requirements but are exempt from the independent shareholders' approval requirement of the Hong Kong Listing Rules. The

Directors (including the Independent Non-executive Directors) believe that the abovementioned agreements have been entered into on normal commercial terms and in the ordinary course of business of the Group, and the relevant terms of the transactions and annual caps are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Although such agreements and the related transactions are exempt from the Shareholders' approval requirement under the Hong Kong Listing Rules, according to the requirements of the laws, regulations and normative documents such as the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the internal documents such as the Articles of Association and the Management Measures on Related Party Transactions of CRRC Corporation Limited, the signing of such related party transaction agreements by the Company and CRRC GROUP shall be submitted to the general meeting of the Company for consideration and approval by the Shareholders. In view of the above, the following is hereby presented for the consideration of the Shareholders:

(1) Product and Service Mutual Provision Framework Agreement

- (i) Transaction details: The Group will sell raw materials, accessories, components, equipment, packing materials, vehicles and energy resource and other products, and provide repairing, installation, training, processing, greening, security, sanitation, project contracting, project operation and business consulting services to CRRC GROUP and/or its associates; CRRC GROUP and/or its associates will sell raw materials, accessories, components, equipment, packaging materials and other products, and provide repairing, installation, training, processing, greening, security, sanitation, project contracting, project operation and business consulting services to the Group.
- (ii) Principles of the transactions:
 - (a) If third parties provide products and services on the same conditions, priority shall be given to the other party for the purchase of products and services.
 - (b) If third parties purchase products and services on the same conditions, priority shall be given to the other party for the provision of products and services.
 - (c) When one party provides or purchases products and services to or from the other party, any party shall not provide such products and services to the other party on terms less favourable than those offered to third parties, or purchase such products and services from the other party on terms less favourable than those purchased from third parties.

- (d) The entering into of the Product and Service Mutual Provision Framework Agreement shall not affect the independent selection of trading partners and the conduct of transactions with third parties. Each party is entitled to purchase products and services from a third party if such third party can provide the same or similar products and services at a more favourable price than the price offered by the other party under this agreement.
- (iii) Pricing principles: Government-prescribed price applies if available; where there is no government-prescribed price but there is government-guided price, then the government-guided price applies; where there is neither government-prescribed price nor government-guided price, then the market price (including tendering price) applies; where none of the aforesaid three prices are available or the aforesaid pricing principles cannot be applied in actual transactions, then the agreed price applies. Such agreed price shall be determined based on the reasonable cost plus a reasonable profit. The reasonable cost is the actual costs and expenses incurred in providing the products and services as agreed by both parties after negotiation. Unless otherwise determined by the parties through negotiation, reasonable profit shall be based on reasonable cost multiplied by the average profit margin in the industry.
- (iv) Effective term of the agreement: Subject to compliance with the relevant provisions under the Product and Service Mutual Provision Framework Agreement, after the agreement has been signed by the authorized representatives of both parties and stamped with their official seals and subject to the completion of the appropriate approval procedures (if applicable) by both parties in accordance with the relevant laws and regulations, its effective term will commence from 1 January 2025 to 31 December 2027.

(2) *Fixed Asset and Property Leasing Framework Agreement*

- (i) Scope of fixed assets and property leasing: The Group and CRRC GROUP and/or its associates lease their fixed assets and properties to each other, respectively, according to the Fixed Asset and Property Leasing Framework Agreement.
- (ii) Rents and taxes: The specific rental price of the fixed assets and properties shall be determined by both parties through negotiation and by reference to the prevailing market price of the leased fixed assets and properties; the lessor shall be responsible for the payment of taxes and other legal taxes on the leased fixed assets and properties during the lease term and bear the relevant taxes and fees.

- (iii) Effective term of the agreement: Subject to compliance with the relevant provisions under the Fixed Asset and Property Leasing Framework Agreement, after the agreement has been signed by the authorized representatives of both parties and stamped with their official seals and subject to the completion of the appropriate approval procedures (if applicable) by both parties in accordance with the relevant laws and regulations, its effective term will commence from 1 January 2025 to 31 December 2027.

The above resolution in relation to the entering into of the related party transaction agreements between the Company and CRRC GROUP was considered and approved by the Board on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

7. The resolution in relation to the entering into of the Financial Services Framework Agreement between Finance Company and CRRC GROUP

Please refer to the section headed “3. DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION – ENTERING INTO NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT” in this circular for details of this resolution. The above resolution in relation to the entering into of the Financial Services Framework Agreement between Finance Company and CRRC GROUP was considered and approved by the Board on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

8. The resolution in relation to the remuneration of the Directors of the Company for 2023

According to the relevant requirements of SASAC and requirements of the Remuneration Plan of Directors and Supervisors of CRRC Corporation Limited, the remuneration of the Directors of the Company for 2023 is hereby submitted to the AGM for consideration.

(1) Remuneration of Independent Non-executive Directors

The annual remuneration of Independent Directors, comprising basic remuneration and meeting allowance, was based on the standards set out in the “Notice Regarding the Adjustment of Standards of Remuneration of Independent Directors” issued by SASAC (Guo Zi Ting Fen Pei [2009] No. 328)(國資委《關於調整獨立董事報酬標準的通知》(國資廳分配[2009]328號)) and the “Notice on the Standards Regarding the Adjustment of Work Subsidy of External Directors Who Resigned as Central Enterprise Principals” issued by SASAC (Guo Zi Ting Kao

Fen [2020] No. 187)(國資委《關於調整退出現職的中央企業負責人擔任外部董事工作補貼標準的通知》(國資廳考分[2020]187號)). The specific remuneration is shown in the table below:

Unit: RMB'0,000

Name	Title	Remuneration
Shi Jianzhong	Independent Director	8.00
Weng Yiran	Independent Director	8.00
Ngai Ming Tak	Independent Director	14.40

Notes:

1. In accordance with the relevant regulations of SASAC, Jiang Renfeng, a non-executive Director, does not receive any remuneration or allowance as a Director of the Company.
2. The work subsidy of two Independent Directors, namely Shi Jianzhong and Weng Yiran, who resigned as central enterprise principals, will be dynamically adjusted annually according to the annual performance evaluation results, and will be paid at RMB5,000 per person per month in advance and will be redeemed according to the corresponding standard after the annual performance evaluation results are determined. The standard work subsidy for a result of excellent in the annual performance evaluation is RMB100,000; the standard work subsidy for a result of good in the annual performance evaluation is RMB80,000; the standard work subsidy for a result of basically competent or lower in the annual performance evaluation is RMB60,000.
3. Ngai Ming Tak is an Independent Director who is the chairman of a special committee and is not a director who resigned as a central enterprise principal, and the standard annual basic compensation is RMB100,000/person/year. The standard allowance for Board meetings: RMB3,000/person/meeting; the standard allowance for special committee meetings: RMB2,000/person/meeting.

(2) Remuneration of Executive Directors

The Company's Chairman Sun Yongcai and executive Directors Wang An, Lou Qiliang are all persons in charge of central enterprises managed by SASAC, whose remuneration comprises 2022 annual basic remuneration and annual performance-based salary as verified by SASAC.

The specific annual remuneration is shown in the table below:

Unit: RMB'0,000

Name	Title	Performance-based		Total
		Basic remuneration	salary for the year	
Sun Yongcai	Chairman	24.02	65.28	89.30
Wang An	Executive Director	–	–	–
Lou Qiliang	Executive Director	18.02	57.46	75.48

Notes:

1. Wang An was paid by CRRC GROUP Co., Ltd., the parent company of the Company.
2. Lou Qiliang resigned in September 2023.

The above resolution in relation to the remuneration of the Directors of the Company for 2023 was considered and approved by the Board on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

9. The resolution in relation to the remuneration of the Supervisors of the Company for 2023

According to the relevant requirements of SASAC and requirements of the Remuneration Plan of Directors and Supervisors of CRRC Corporation Limited, the remuneration of the Supervisors of the Company for 2023 is hereby submitted to the AGM for consideration.

The remuneration of Zhao Hu, the Company's current chairman of the Board of Supervisors, and Chen Zhenhan, Zhang Shidong and Chen Xiaoyi, the Supervisors, is managed according to the employee remuneration management system of the Company's head office, which implements the remuneration management system for the head office. The specific remuneration is set out in the table below:

Unit: RMB'0,000

Name	Title	Performance-based		Total
		Basic remuneration	salary for the year	
Zhao Hu	Chairman of the Board of Supervisors Employee representative Supervisor	38.91	51.28	90.19
Chen Zhenhan	Supervisor	30.25	43.44	73.69
Zhang Shidong	Supervisor	30.28	43.33	73.61
Chen Xiaoyi	Supervisor	25.40	39.05	64.45

Note:

1. Chen Xiaoyi resigned in September 2023 and served until November 2023.

The above resolution in relation to the remuneration of the Supervisors of the Company for 2023 was considered and approved by the Board of Supervisors on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

10. The resolution in relation to the appointment of auditors of the Company for 2024

Pursuant to the requirements of the relevant laws and regulations and the Articles of Association, the Company is required to appoint an accounting firm to audit the annual financial statements of the Company in accordance with the applicable accounting standards as well as an accounting firm to audit the effectiveness of the internal control of the Company.

KPMG Huazhen LLP Certified Public Accountants, being the auditors of the Company for the financial statements and the internal control of the Company in 2023, audited the financial statements of the Company for 2023 and the effectiveness of internal control of the Company.

The Company proposed to re-appoint KPMG Huazhen LLP Certified Public Accountants as the auditors of the Company for the financial statements and the internal control of the Company in 2024. In addition, it is proposed to grant the Board at the AGM the authority to determine the relevant matters including its remuneration.

The above resolution in relation to the appointment of auditors of the Company for 2024 was considered and approved by the Audit and Risk Management Committee of the Board and the Board of the Company on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

SPECIAL RESOLUTIONS:

11. The resolution to be proposed to the general meeting in relation to the grant of general mandate to the Board to issue additional A Shares and H Shares of the Company

The Board hereby proposes to the general meeting for approval by way of a special resolution in relation to the grant of an unconditional general mandate to the Board to, subject to market condition and the requirements of the Company, separately or concurrently issue, allot and deal with, by share capital or equity-linked instruments (as defined below), new shares not exceeding 20% of each of the issued domestic shares (A Shares) and/or overseas listed foreign invested shares (H Shares) of the Company at the time of passing this resolution at the general meeting. According to requirements of relevant PRC laws and regulations and regulatory documents, the Board shall seek approval from the general meeting for each issuance of new A Shares even if the general mandate has been granted to the Board.

Details of the general mandate include but are not limited to the following matters:

1. to formulate and implement the detailed issue proposal which includes, without limitation, the class of new shares to be issued, the pricing mechanism and/or the issue price (including a price range), the number of shares to be issued, the target subscribers and the use of proceeds; to determine the timing of the issue and the period of the issue, and to decide whether to place to existing shareholders or not.
2. to consider, approve and execute, on behalf of the Company, agreements relating to the issue, including but not limited to placing and underwriting agreements, engagement agreements with intermediaries.
3. to consider, approve and execute, on behalf of the Company, documents relating to the issue which shall be submitted to the relevant regulatory authorities; to fulfill the relevant approval procedures in accordance with the requirements of the regulatory authorities and requirements at the places where the Company is listed.
4. to make necessary amendments to the relevant agreements and documents in items 2 and 3 above in accordance with the requirements of domestic and foreign regulatory authorities.
5. to affix the seal of the Company on the agreements and documents relating to the issue.

6. to engage intermediaries in connection with the issue and to approve and execute all actions, deeds, documents and such other matters that are necessary, appropriate, expedient or relevant to the issue.
7. to approve the increase of the registered capital of the Company, make relevant amendments to the Articles of Association relating to the total capital and shareholding structure, and fulfill the relevant registration and filing procedures pursuant to the domestic and overseas legal requirements, after the issue of the new shares.

Except that the Board may make or grant offers, agreements, or options during the Relevant Period in relation to the issue of A Shares and/or H Shares, which might require further promotion or implementation after the end of the Relevant Period, the period of the above mandate shall not exceed the Relevant Period. The Relevant Period means the period from the date of granting the mandate by a special resolution at the 2023 annual general meeting until whichever is the earliest of:

1. the conclusion of the 2024 annual general meeting of the Company.
2. the expiration of the 12-month period following the passing of this resolution by a special resolution at the 2023 annual general meeting.
3. the date on which the mandate under this resolution is revoked or varied by a special resolution at any general meeting of the Company.

For the purpose of this resolution, “equity-linked instruments” include bonds that may be converted or exchanged into A Share and/or H Share, options or other derivatives.

The above resolution in relation to the grant of general mandate to the Board to issue additional A Shares and H Shares of the Company was considered and approved by the Board on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

12. The resolution in relation to the issuance of debt financing instruments by the Company for 2024

In order to satisfy the production and operation needs of the Company, to adjust the structure of liabilities, and to reduce the financing costs of the Company, according to the Company’s financing plans for 2024, the Company intends to finance by debt instruments and issue one or a portfolio of debt financing instruments in one or multiple tranches, and it has been resolved that the resolution in relation to the proposed issue of debt financing instruments above will be proposed to the AGM for Shareholders’ consideration and approval.

(1) *Issue plan*

The categories of the debt financing instruments proposed to be issued by the Company include corporate bonds, enterprise bonds, ultra-short-term debentures, short-term debentures, medium-term notes, perpetual bonds, asset-backed debentures, science and innovation bonds, overseas bonds denominated in RMB, bonds denominated in USD, A Share convertible bonds, H Share convertible bonds or other new types of bonds issued in the PRC (the “**Debentures**”) with the total outstanding balance of repayment amount of the Debentures not exceeding an aggregate of equivalent to RMB50 billion.

In respect of the convertible bonds proposed to be issued, the A Share or H Share so converted may be issued pursuant to the general mandate to additional issue considered and passed by the general meetings of the Company in response to the application for conversion by the holders of the convertible bonds.

(2) *Principal terms of issue*

- (i) Issuer: the Company, and for the issuance of overseas debt financing instruments, the Company or an overseas wholly-owned subsidiary of the Company will act as the issuer.
- (ii) Size of issue: the specific size of issue will be determined in line with the capital requirements and market conditions with the total outstanding repayment amount of the Debentures not exceeding an aggregate of equivalent to RMB50 billion, provided that requirements of relevant laws and regulations and regulatory documents are complied with.
- (iii) Term(s) and category(ies): the Debentures can take the form of single term debenture or a combination of multiple categories with different terms. The specific composition of such terms and the issue size of each category with a specific term will be determined in accordance with relevant requirements and the market conditions, and the issue size of each category of debentures shall not exceed the limit applicable to the issue of such category of Debentures by the Company in accordance with relevant requirements of the PRC.
- (iv) Use of proceeds: the proceeds to be raised from such issue will be used for satisfying the production and operation needs of the Company, the adjustment of the structure of liabilities, replenishment of working capital, project investments and/or purposes consistent with the relevant regulations of the issuance of the Debentures.

- (v) Validity term of the resolution: the validity term of the resolution in relation to the proposed issuance of the debt financing instruments means the period from the approval date of this resolution at the general meeting to the date for convening the 2024 annual general meeting of the Company. In the event that the Company has resolved to carry out such issuance within the validity term of the resolution and the Company has obtained the approval, permit or registration in relation to the issuance from the regulatory authorities within the validity term of the above resolution, the Company may complete such issuance within the validity term so far as such approval, permit or registration remains valid.

(3) Authorization

It is proposed to grant a general and unconditional mandate at the general meeting to the Board to deal with the following matters within the scope of the principal terms of the issue as set out in paragraph (2) above, pursuant to relevant laws and regulations, the opinions and advices of regulatory authorities, the operation needs of the Company as well as the then market conditions:

- (i) to determine the type(s), specific category(ies), specific terms and conditions as well as other matters of the Debentures, including but not limited to all the matters in relation to the issue such as the size of issue, actual total amount, currency, issue price, interest rate or the determination method thereof, applicable issuer, place of issue, timing of issue, term(s), whether to issue in tranches and the number of tranches, whether to adopt any terms for repurchase and redemption, rating arrangements, guarantee matters, term of repayment of the principal and interests, use of proceeds, as well as listing and underwriting arrangements;
- (ii) to carry out all necessary and incidental actions and procedures for the issue of Debentures, including but not limited to, engaging intermediary agencies to handle, on behalf of the Company, the approval, record, filing and registration procedures with relevant regulatory authorities relating to the application for the issue, executing all necessary legal documents relating to the issue and dealing with other matters relating to the issue and trading of the Debentures;
- (iii) to make relevant adjustments to the relevant matters of the issue of the Debentures and to determine whether to proceed with the issue with reference to the opinions from relevant domestic regulatory authorities and the changes in policies and market conditions, provided that such adjustments and decision shall be within the scope of the authorization of the general meeting and shall be subject to re-voting at a general meeting of the Company if otherwise required by the relevant laws and regulations and the Articles of Association of CRRC Corporation Limited;

- (iv) to deal with other specific matters in relation to the issue of the Debentures and to execute all the required documents;
- (v) to approve the Board's further delegation of the aforesaid authorization to the Chairman of the Board and the president of the Company for the implementation of the issue.

The above resolution in relation to the issuance of the debt financing instruments for 2024 was considered and approved by the Board on 28 March 2024 and is hereby submitted to the AGM for consideration and approval.

CRRC CORPORATION LIMITED
2023 WORK REPORT OF THE BOARD

In 2023, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Board of the Company studied and implemented the important instructions of Xi Jinping, the General Secretary, the spirit of the 20th CPC National Congress and the ideas of the Central Economic Work Conference in depth, implemented the decision-making and deployment of SASAC, and continuously strengthened its own construction, improved the corporate governance mechanism, and accelerated the construction of a world-class CRRC. The Board conscientiously performed the duties entrusted by the Company Law of the PRC and the Articles of Association of the Company, implemented the Opinions of The State Council on Further Improving the Quality of Listed Companies and the Working Rules of the Board of Directors of Central Enterprises (Trial) of SASAC, gave full play to the role of “formulating strategy, making decisions and preventing risks”, and effectively safeguarded the interests of the Company and its Shareholders. The relevant details are reported as follows:

I. STRATEGY-DRIVEN HIGH-QUALITY DEVELOPMENT OF THE COMPANY

The Board of the Company placed strategies in a prominent position. During the implementation of the “14th Five-Year Plan” development strategy, The Board adhered to in-depth discussion, overall planning and systematic promotion, and constantly improved the strategic control ability, promoted the Company’s reform to continue to deepen and achieve high-quality development, and accomplished its annual business objectives.

Promoting medium-term strategic adjustment. Firstly, the Board summarized the implementation of the “14th Five-Year Plan” development strategy and completed the annual monitoring of the implementation of the “14th Five-Year Plan” development strategy and the mid-term assessment of the implementation of the “14th Five-Year Plan” development strategy outline. Secondly, the Board studied and judged the macro political and economic situation in-depth, analyzed the changes in the market, policies, and the Company’s business development since the “14th Five-Year Plan”. By adhering to the principle of being high goals-driven, high-quality development, highlighting key points, problem-oriented and overall progression, the Board deployed the medium-term adjustment of the “14th Five-Year Plan” development strategy, and put forward adjustment opinions. The draft of mid-term adjustment of the “14th Five-Year Plan” development strategy will be formed and reviewed by the Board of Directors subsequently. Thirdly, the Board organized and carried out inquiry and research, promoted the implementation of strategic planning, conducted business structure and mid-term evaluation and adjustment research of the “14th Five-Year Plan” development plan for 15 direct wholly-owned subsidiaries and their 22 key indirect subsidiaries, and conducted routine strategic inquiry of 10 direct wholly-owned subsidiaries; During the research on subsidiaries, the Board checked and guided the implementation of their “14th Five-Year” strategic plans, and effectively promoted the implementation of the strategic plans.

Continuing to deepen reform. Firstly, with the conclusion of the Three-Year Action Plan for Reform with high quality, the Company achieved remarkable results in the assessment of the key tasks of the Three-Year Action Plan for state-owned enterprises, with its typical reform experience selected as the experience results of the Three-Year Action Plan for state-owned enterprises, and the number of enterprises for special project reforms being the largest among the state-owned enterprises. Secondly, through promoting the management to formulate the implementation plan for the reform and deepening of the Three-Year Improvement Action, the construction of a world-class CRRC was accelerated by focusing on being a forerunner and setting examples in practice, taking management improvement as the means, value creation as the guidance and branding as the starting point. Thirdly, in order to promote the reform and listing of CRRC QSYRI, the Board specially studied the report on the relevant situation of joint-stock transformation and the spin-off and listing, held strategy committee and Board meetings, and considered and approved the resolutions including the Resolution on the Proposed Spin-off of CRRC Qishuyan Institute Co., Ltd., a Subsidiary, for Listing on the ChiNext Market of the Shenzhen Stock Exchange. Fourthly, in order to promote the reorganization and integration of subsidiaries, the Board considered and approved Resolution on the Capital Increase to CRRC Qingdao Sifang Co., Ltd. and the Resolution on the Merger of CRRC Financial Leasing Co., Ltd (中車金融租賃有限公司) with China National Foreign Trade Financial & Leasing Co., Ltd (中國外貿金融租賃有限公司), and the related work of the reorganization and integration of CRRC Sifang and the optimization and integration of Financial Leasing Company has been steadily advanced.

Promoting the achievement of business objectives. The management of the Company, in accordance with the business plan determined by the Board at the beginning of the year, adhered to the general tone of stability while making progress, and fully completed the 2023 business objectives. The Board made coordinated efforts to improve quality and efficiency, and achieved effective improvement in quality and reasonable growth in quantity of operating efficiency. The leading role of scientific and technological innovation has been fully demonstrated, winning 1 gold award and 1 silver award in the 24th China Patent Awards. The efficiency and effectiveness of management improvement were fully released, benchmarking world-class enterprises, consolidating the management foundation, building a solid foundation for development, comprehensively promoting lean management, continuing to improve the integration of production and finance, and achieving remarkable results in green and low carbon operation. By accelerating the digital intelligence transformation, the CRRC digital transformation organization is improved, a two-level guaranteed system for digital transformation was formed with further progress made in 48 key tasks of digital transformation. Regarding the advancement in industrial digitization, 19 system engineering projects and 16 special projects achieved positive progress and phased results. The construction of digital standards has been accelerated with the introduction of the special implementation plan for CRRC Beidou scale application and step-up promotion of the credit creation project and the “361” special project, and CRRC Big Data Center (Phase I) has initially been equipped with online service capabilities.

II. STANDARDIZED AND EFFICIENT PROMOTION OF SCIENTIFIC DECISION-MAKING OF THE BOARD OF DIRECTORS

With standardized operation, the Board of the Company has become more prominent and efficient, coordinating the relationship between various governance bodies, mastering decision-making information and deliberating resolutions carefully, so as to make decisions of the Board more scientific and effective.

Coordinating various governance bodies. Firstly, the Board of the Company performed its duties in accordance with the laws, respecting the statutory functions of various governance bodies, such as Shareholders, the Board of Supervisors, the management, the Party committee and the employee representative assembly, fulfilling their respective duties and responsibilities, collaborating operation and effectively maintaining balance with each of the governance bodies to ensure that the powers and responsibilities of each governance body are statutory, transparent, coordinated, and effectively balanced, and that each governance body exercises its functions and powers in accordance with rules of procedure and decision-making checklists. Secondly, the Board maintained communication with Shareholders and actively communicated with Shareholders through Shareholder meetings, results briefings and other forms; the Board consciously accepted the supervision of the Board of Supervisors with all Supervisors present at Board meetings and participating in supervising voting procedures. Thirdly, under the leadership of the president, the management supported and cooperated in the work of the Board, reporting to the Board, answering questions and enquiries from the Directors.

Getting prepared for holding Board meetings. Firstly, the annual meeting was planned in advance, and the Directors fully communicated with one another and prepared the Board meeting and research plan for the year 2023, and determined the specific time of four regular meetings and the preliminary time and number of temporary meetings to ensure that Board members deploy sufficient time to perform their duties. Secondly, for the “pre-meeting” communication of major proposals, the external Directors held four communication meetings to communicate on providing parent guarantee by CRRC Hongkong to Light Rail Line No.4 Project Company in Guadalajara, Mexico, the spin-off and listing of CRRC QSYRI and other major discussions; for “during the meeting” communication, the resolutions were carefully considered and fully discussed, the 10 Board meetings and 12 special committee meetings throughout the year were all held in the form of on-site meetings or a combination of on-site and video, and the Directors fully expressed their opinions, considering and approving 54 resolutions and 33 resolutions respectively. Thirdly, the Board regularly listened to the report on the implementation of decision-making matters, and the progress of unfinished matters needs to be reported until completion, and the Board members also check the progress of relevant decision-making matters through on-site research.

Being well informed about decisions. External Directors can learn and master the Company’s information through various forms such as listening to reports, attending meetings, and conducting research to improve the quality of decision-making. Firstly, the Board has access to the Company’s market development, technological innovation, financial management and other information through the Board office. Secondly, according to the specific situation of the resolutions, before holding the Board meeting and even before the

resolution is determined, the Board communicates with the management on the relevant situation. Thirdly, the Board participates in the Company's important meetings, such as the Company's annual work conference, business management work symposium, to communicate with the management and understand the business situation of the Company. Fourthly, through on-site studies on subsidiaries, the Board has an in-depth understanding of the production and operation of subsidiaries, investment project construction and implementation of the "14th Five-Year Plan" strategy, etc. In 2023, the Board conducted research on 9 subsidiaries in Qingdao, Changchun, Dalian, Qiqihar, Harbin and other places. At the same time, the Board also went to Brazil, Argentina and Mexico to investigate the implementation of the Company's internationalization strategy and the progress of overseas projects and risk prevention and control. Fifthly, the Board listened to the auditor's report on the audit plan and audit situation, grasped the situation in the audit process, and put forward specific requirements to ensure the truth, accuracy and integrity of the financial report.

III. IMPROVING THE SYSTEM TO PREVENT AND MITIGATE RISKS

The Board of the Company has thoroughly implemented the decision-making and deployment of the CPC Central Committee and the State Council on stabilizing the macro economy, preventing and resolving major risks, continuously improved the level of risk management and control, and improved the Company's legal compliance operation and anti-risk ability.

Strengthening top-level design for risk management. Firstly, in accordance with the revision of the relevant rules of CSRC and the stock exchange, the working rules of the Audit and Risk Management Committee were substantially revised, and the working rules of the Independent Directors of the Company were revised in accordance with the Measures for the Administration of Independent Directors of Listed Companies to strengthen supervision and risk prevention and control. Secondly, by promoting the revision of CRRC Risk Appetite Statement and delineating the bottom line of the business, the Board set the Company's risk appetite as medium in 2023, and generally adopted a robust attitude towards risk. Thirdly, the Board promoted the implementation of the Implementation Plan for the Reform of CRRC Risk Management and Internal Control Mechanism and System, promoted the reform of the Company's risk control and management system, established a common audit risk control center – risk internal control sub-center, formed an integrated risk control and management system with overall risk control forces, improving the overall audit risk control ability.

Strengthening risk management in key projects. The risk review and supervision function of major projects was further deepened, and combined efforts were put in the risk management and control of key projects. Firstly, in order to effectively prevent the investment risks of PPP projects, the Board organized research to relevant state-owned enterprises and revised and improved Management Measures for PPP Investment of CRRC Corporation Limited. Secondly, the Board promoted the implementation of the Implementation Plan for Strengthening the Risk Control of Key Projects, carried out continuous risk control of key projects by establishing a risk control mechanism for key projects, and supervised the implementation of risk control measures for key projects. Thirdly, the Board promoted the implementation of CRRC Risk Management Guide No. 10 – Major Project Risk Review, selected more than 10 excellent cases to be included in CRRC Major Project Risk Assessment and Review Manual, completed more than 200 major project

risk review throughout the year, and put forward more than 600 recommendations. Fourthly, the Board strengthened the risk control of overseas business, revised CRRC Risk Management Guide No. C3 – Overseas Company Risk, CRRC Risk Management Guide No. C4 – Export Project Risk, formulated CRRC Risk Management Guide No. C9 – Overseas DLS Project, and made new breakthroughs in overseas risk control.

Strengthening risk monitoring and early warning. Firstly, the Board continued to improve the long-term mechanism of “early detection, early warning and early treatment” of major operation risks, strengthened major operation risk assessment and monitoring and early warning, and constantly improved the scientific and accurate prevention and control of major operation risks. Secondly, the Board promoted the construction of risk monitoring centers, and real-time monitoring and early warning of important financial information. Thirdly, the Board promoted the application and efficiency transformation of the integrated audit risk control system, and gradually realized the online visualization and numerical intelligence of major project risk review, major risk event management, and major risk resolution indicators based on the online operation of the annual risk assessment and annual internal control evaluation. Fourthly, the audit and risk management committee studied the report on risk management work and guided the Company to strengthen risk monitoring. The Board strengthened the on-site inspection guidance of risk management through research, and continued to pay attention to the effectiveness of the internal control system of risk management and the implementation of various target elements.

Strengthening efforts to mitigate major risks. The Board conscientiously implemented the responsibility of preventing and resolving risks, and promoted the resolution of major risks. The Board implemented target assessment for key subsidiaries, established risk resolution responsibility letter on various levels, stimulated risk resolution motivation, and resolutely stopped the “bleeding point”. Different risk coping strategies for different risk events were adopted to find clues to preserve property. By adhering to the risk reduction with benefit and focusing on three indicators, such as risk exposure, cash recovery and reverse of impairment, the Board organized 5 groups to supervise 21 subsidiaries that signed the responsibility letters.

IV. ENHANCING THE ABILITY FOR BETTER CONSTRUCTION OF THE BOARD OF DIRECTORS

At the end of 2023, the Board of the Company consisted of 6 Directors, and Lou Qiliang, executive Director and president of the Company, resigned from both positions in September 2023 due to work adjustment, and also resigned as member of the strategy committee and nomination committee.

Reasonably structured and rich in experience. The Board members have rich experience and the structure of the Board is reasonable. There are two executive Directors, namely Sun Yongcai and Wang An; one non-executive Director, namely Jiang Renfeng; and three Independent Non-executive Directors, namely Shi Jianzhong, Weng Yiran and Ngai Ming Tak. The Board has four committees, namely the strategy committee, audit and risk management committee, remuneration and evaluation committee and nomination committee. Other than the strategy committee which is chaired by the chairman of the Company, the other three committees are all chaired by Independent Non-executive Directors. The audit

and risk management committee and the remuneration and evaluation committee are all composed of non-executive Directors. Non-executive Directors account for the majority of the nomination committee, which ensures that non-executive Directors could fully express their opinions and effectively participate in corporate governance, and guarantees the normative, scientific and effective operation of the Board.

Strengthening study to enhance competence. The Board of the Company attached importance to organizing members to conduct political theory and business studies, and actively participated in various trainings to continuously improve their ability to perform their duties. Firstly, the Board organized and participated in the study of the SASAC seminar of the spirit of the 20th CPC National Congress and external Directors studied through meetings to gain in-depth understanding of the decisive significance of the “Two Establishments” to strengthen the “Four Consciousnesses”, assert the “Four Confidences” and achieve the “Two Safeguards”. Secondly, the Board members learned and implemented the spirit of the SASAC conference for stated-owned enterprises, deepened reform of the stated-owned enterprises and other contents, and accurately grasped the intention of investors and the latest work requirements. Thirdly, the Board participated in the training for directors and supervisors organized by the Beijing Securities Regulatory Bureau and the training of mergers and acquisitions and risk management organized by the Hong Kong Chartered Governance Institute to learn about relevant policies and practices, improving their ability to perform their duties continuously.

External Directors giving full play to their role. External Directors play an important role in the establishment of the Board. The chairman of the Board communicates with external Directors on a daily basis, listens to their opinions and suggestions on the construction of the Board, and constantly strengthens the construction of the Board. The convenor of the external Directors communicated with SASAC on behalf of the external Directors, reported the Company’s business situation and the construction of the Board to the leaders of the relevant bureau of SASAC, and obtained guidance and support from SASAC for the construction of the Board of the Company. All external Directors have rich experience in several companies, and introduce the experience of board construction of other companies to the secretary of the Board and relevant staff of the Board office during their work, so as to promote the Company to strengthen the construction of the Board.

Strengthening the construction of the board of directors of subsidiaries. While strengthening its own construction, the Board of the Company also paid attention to and promoted the normative construction of the board of directors of subsidiaries. Firstly, based on the requirement that external directors constitute the majority, full-time external directors were assigned to subsidiaries and the board of directors of each subsidiary is fully equipped and strengthened based on the job experience, professional background of external directors and development needs of the enterprise. Currently, 27 full-time external directors serve in 36 direct wholly-owned subsidiaries. Secondly, the Board strengthened the management and training of external directors, continued to promote the “1412” reporting system and the regular meeting system of the full-time external directors, organized training for ability improvement of external directors, and Sun Yongcai, the chairman, and Jiang Renfeng, a non-executive Director, gave lectures to these external directors. Thirdly, the Board revised and improved the Guiding Opinions on Standardizing the Construction of the Board of Directors of Subsidiaries to guide subsidiaries to gradually standardize the construction of

the board of directors; the Interim Measures for the Evaluation of the Construction of the Board of Directors of Subsidiaries were also revised to objectively evaluate the construction of the board of directors of subsidiaries from seven aspects, including power and accountability in operation, information communication, standardized operation, strategy formulation, decision-making, risk prevention and development and reform effectiveness, for the promotion of unified standards and standardized operation of the construction of the board of directors of subsidiaries through evaluation.

V. DISPLAYING IMAGE TO PROMOTE THE MANAGEMENT OF INFORMATION DISCLOSURE AND INVESTMENT RELATIONSHIP

The Board of the Company attaches great importance to the image display in the capital market, and information disclosure and communication with investors are good windows and platforms.

Information disclosure in compliance with the law. By adhering to the principle of “authenticity, accuracy, integrity, timeliness and fairness”, the Board carefully reviewed the information for disclosure, performed the obligation of information disclosure in accordance with the laws and regulations. Considering the changes in the regulatory rules of Shanghai and Hong Kong, the Board has made amendments to the Administrative Measures of Information Disclosure to ensure that information disclosure is in compliance with the law. During the year, the Company published 103 interim publications on SSE; published 122 announcements in traditional Chinese, 76 announcements in English on the Hong Kong Stock Exchange, or a total of 301 announcements. The Company has published key announcements of interest payments and redemption of corporate bonds, tracking announcements of ratings and announcements of implementation of dividends and distributions. The Company published 6 announcements in relation to signing contracts, disclosing contract amount of RMB166.00 billion in total, which accounted for approximately 74.46 % of the audited revenue of the Company in 2022. The Company has obtained a Grade A rating in the evaluation of information disclosure of listed companies on the SSE for eight consecutive years.

Further cultivation of investor relations. Firstly, the Board communicated with investors and analysts through visits, phone calls, emails, securities strategy meetings and other forms to improve the Company’s influence in the capital market and reinforce investors’ confidence in the Company. Secondly, the Board held four telephone conferences to communicate with investors on the Company’s annual and quarterly results, business conditions, orders, and overseas market conditions. Thirdly, the Board organized the 2022 annual results presentation, where a team of staff led by the chairman of the Board communicated with overseas investors with the participation of analysts, and nearly 100 investors and senior analysts from major financial institutions. Fourthly, the Board organized the 2022 annual results roadshow in Hong Kong, and conducted one-to-one exchanges with 37 institutional investors. As for our 2023 interim results, the Board organized roadshows in Beijing, Shanghai and Shenzhen, visited 25 domestic and foreign investment institutions, and communicated with nearly 90 investors. Fifthly, the Board organized a reverse roadshow in Zhuzhou with the theme of “Focusing on New Energy · Insight of Opportunities for Chip”, which comprehensively demonstrated the Company’s strengths and position in the new energy industry, and further enhanced the capital market’s understanding and recognition of

the Company. Sixthly, three results briefings were organized online, members of the Board and the management had exchanges with investors in the capital market and answered questions of their concern. Seventhly, the Board strived to link up with important institutional investors, strengthened communications and exchanges with them, describing in detail about the Company's advantages in the development of the industry, giving them confidence in holding the Company's shares.

In the past year, all the Directors put forward ideas and plans for the Company with due diligence, considered every resolution and gave careful, objective and fair advice. The Board members paid in-depth on-site visits to the Company and took forward the implementation of the decision-making of the Board, by which the Company's business objectives have been achieved. As the level of corporate governance of CRRC has been constantly enhanced, the Company has been awarded with various honours in the capital market. **The Company was awarded the Special Contribution Award of China Top 100 Listed Companies Award of 2023; the Platinum Award of International ARC Awards, the Gold Award of LACP Vision Award (Annual Report), Tianma Award of the 14th Investor Relations Selection and other important awards; and the information disclosure work case was selected as the 2023 Corporate Governance Best Practice Case of China Association of Listed Companies.**

2024 is a crucial year for the Company to achieve the goals and tasks of the "14th Five-Year Plan". The Board of the Company will focus on the implementation of strategy, risk prevention and control, and achievement of operation objectives while strengthening its own construction, so as to return society, shareholders and investors with better performance. Firstly, the Board is to strengthen its own construction. As the third session of the Board will expire by the end of 2024, the Board will plan for the succession work in advance to ensure that the process is in compliance and the structure is reasonable. Secondly, the Board will strengthen strategy implementation, promote the implementation of the Company's "14th Five-Year Plan" strategy after adjustment, and guide the management to reasonably determine the annual business objectives. Thirdly, the Board will strengthen scientific decision-making, deal with the relationship between the governance bodies, prepare for pre, during and after the meeting, and improve the quality of the Board's decision-making. Fourthly, the Board will strengthen risk prevention, continue to improve the risk control system, increase risk mitigation efforts and improve the risk prevention mechanism. Fifthly, the Board will strengthen market value management, improve the quality of information disclosure, manage investor expectations, and enhance the Company's image in the capital market.

The Board of CRRC Corporation Limited

Note: All the financial data provided in this report were prepared under the PRC Accounting Standards; and unless stated otherwise, the currency used for book-keeping was Renminbi.

CRRC CORPORATION LIMITED
2023 WORK REPORT OF THE BOARD OF SUPERVISORS

In 2023, strictly in accordance with the relevant provisions of the Company Law of the PRC and other laws and regulations and the Articles of Association and the Rules of Procedure for the Board of Supervisors of the Company, and for protection of the interests of all Shareholders, all members of the Board of Supervisors of the Company conducted supervision and examination on the legal compliance of the Company's financial affairs, the implementation of the resolutions of the general meeting, the major decision-making procedures of the Board and the operation and management activities of the Company, and the performance of the duties of Directors and senior management, promoting the Company's sustainable and healthy development.

I. WORK OF THE BOARD OF SUPERVISORS IN 2023

In 2023, the Company's Supervisors strengthened their study and diligently performed their duties, supervising the Company's financial position, the use of proceeds, the implementation of decisions by the Board of Directors, the operation of the risk control system and major operation and management, as well as supervising the performance of duties of the Company's Directors and senior management. The specific work is as follows:

1. Changes in Composition of the Board of Supervisors

On 28 September, Mr. Chen Xiaoyi resigned as a Supervisor of the Company due to age reasons. On 23 November, the Company held the 2023 first extraordinary general meeting to elect Mr. Zhang Shidong as a Supervisor of the Company. At present, the Board of Supervisors comprises of three members, with Mr. Zhao Hu as the chairman and Mr. Chen Zhenhan and Mr. Zhang Shidong as members.

2. Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors held 5 meetings to consider 28 resolutions. The meetings were convened in strict accordance with the relevant provisions of the Company Law of the PRC, the Articles of Association and the Rules of Procedure for the Board of Supervisors. Details of the meetings are as follows:

On 30 March, the 6th meeting of the third session of the Board of Supervisors was convened in the form of on-site meeting, at which 11 resolutions, including the Resolution on the 2022 Annual Report of CRRC Corporation Limited, were considered and approved.

On 28 April, the 7th meeting of the third session of the Board of Supervisors was convened in the form of on-site meeting, at which the Resolution on the 2023 First Quarterly Report of CRRC Corporation Limited, was considered and approved.

On 25 August, the 8th meeting of the third session of the Board of Supervisors was convened in the form of on-site meeting, at which the Resolution on the 2023 Interim Report of CRRC Corporation Limited was considered and approved.

On 27 October, the 9th meeting of the third session of the Board of Supervisors was convened in the form of on-site meeting, at which 14 resolutions, including the Resolution on the 2023 Third Quarterly Report of CRRC Corporation Limited, were considered and approved.

On 26 December, the 10th meeting of the third session of the Board of Supervisors was convened in the form of on-site meeting, at which the Resolution on the Related Party Transaction of the Issue of A Shares by Times New Material to Target Subscribers Including CRRC Capital Holdings was considered and approved.

3. Attendance of Members of the Board of Supervisors at the Company's Other Meetings

In 2023, members of the Board of Supervisors attended the 2022 annual general meeting and the 2023 first extraordinary general meeting, presented as attendees at Board meetings and office meetings of president, and attended meetings including the annual work meeting and operational management meeting.

In accordance with the Articles of Association, the Board of Supervisors conducted effective supervision on, among others, the convening procedures, resolutions and voting procedures of the Company's general meetings and the Board meetings and a Supervisor would be sent to supervise the voting procedures. The Board of Supervisors also supervised the implementation of the resolutions of the general meeting by Directors and senior management.

During their participation in the aforesaid meetings, members of the Board of Supervisors communicated with the relevant departments when necessary, investigated and made enquiries on key proposals and offered opinions and recommendations on key issues to ensure that the various tasks are in compliance with the relevant laws and regulations.

4. The Board of Supervisors Continuing to Conduct In-depth Research

During the reporting period, the Board of Supervisors of the Company continued to deepen its investigation and research work to continuously improve the effectiveness of supervision. Visits were made to Qingdao, Jinan, Qiqihar and Harbin for investigation and research. The members of the Board of Supervisors fully integrated with their own work and made use of the opportunities of audit and supervision, compliance review and other work to carry out investigation and research, so as to provide a basis for objective evaluation of the Company's operation and management.

5. The Board of Supervisors Collaborating in Supervising Risk Prevention

During the reporting period, the Board of Supervisors of the Company continued to strengthen risk prevention and risk mitigation by building a "large supervision" structure with the Company's functional departments including internal audit, risk, legal, compliance and disciplinary to oversee the implementation of the 2023 major risk mitigation targets, continuously improved the risk prevention mechanism, and

ANNEX B 2023 WORK REPORT OF THE BOARD OF SUPERVISORS

consciously accepted the supervision and guidance of CSRC, the Securities Regulatory Bureau, the stock exchanges, the Council of the Listed Companies Association and SASAC, effectively realizing the supervision and coordination of risk prevention.

II. OPINION OF THE BOARD OF SUPERVISORS REGARDING COMPLIANCE OF THE COMPANY'S OPERATIONS

The Board of Supervisors supervised over and checked on the legal performance of duties of the Directors and senior management of the Company, establishment of the internal control system of the Company as well as its sound and consistent implementation during the reporting period.

Opinion of the Board of Supervisors is as follows: the Board of Directors and the senior management of the Company were able to conduct its operations legally and strictly in compliance with the requirements of the Company Law of the PRC and the Articles of Association as well as other relevant laws, regulations and rules. The Board of Directors and the senior management performed their own duties in a faithful and diligent manner and implemented the resolutions and mandates of the general meetings and the Board of Directors earnestly. The major decisions for the operation of the Company were made in a reasonable, legitimate and effective way. Information disclosure was in line with norms, and the management system of registration for informed persons of inside information had been implemented well. None of them was found to have engaged in any act undermining the interests of the Company or Shareholders, or breaching the laws and regulations, the Articles of Association and other rules and systems.

III. OPINION OF THE BOARD OF SUPERVISORS REGARDING INSPECTION ON THE COMPANY'S FINANCIAL CONDITIONS

During the reporting period, members of the Board of Supervisors conducted inspection and supervision on the Company's financial operations through attending presentations by the Company's person in charge of financial affairs, reviewing the Company's financial statements, and deliberating on the Company's periodic reports and the auditor's audit report as well as conducting field trips for the major investment projects undertaken by the Board.

Opinion of the Board of Supervisors is as follows: the Company's financial system is comprehensive and the financial system is sound. The financial report of the Company gave a true, fair and full picture of the financial position and operating results of the Company and its various expenses and disbursements were reasonable. KPMG LLP (Special General Partnership) performed an audit on the Company's financial report for 2022 and issued a standard unqualified opinion in its audit report. It was of the opinion that the Company's financial statements were prepared in all material respects in accordance with the requirements of the corporate accounting principles promulgated by the Ministry of Finance of the PRC and presented a fair view of the Company's financial position and cash flow as of 31 December 2022. The Board of Supervisors has reviewed the report.

IV. OPINION OF THE BOARD OF SUPERVISORS REGARDING THE MANAGEMENT AND USE OF THE FUNDS RAISED BY THE COMPANY

During the reporting period, there is no fund raised by the Company that was available for management and use. The Board of Supervisors will pay attention to the Company's subsequent fund raising.

V. OPINION OF THE BOARD OF SUPERVISORS REGARDING THE ACQUISITION AND DISPOSAL OF ASSETS BY THE COMPANY

During the reporting period, the Company made reasonable pricing decisions and followed compliant procedures in its asset acquisition or disposal transactions, and there were no circumstances in which the Company's assets were lost or the interests of its Shareholders were undermined.

VI. OPINION OF THE BOARD OF SUPERVISORS REGARDING THE STATUS OF THE COMPANY'S RELATED PARTY TRANSACTIONS

The Board of Supervisors conducted supervision over the Company's related party transactions which took place during the reporting period, and is of the following opinion: in relation to all of the Company's related party transactions, the Company strictly followed the laws and regulations such as the Company Law of the PRC, the Securities Law of the PRC, the listing rules of the places where the Company's shares are listed as well as stipulations in the Articles of Association and Management Measures on Related Party Transactions of CRRC Corporation Limited, and such related party transactions were entered into upon sufficient discussion and investigation and prudent decision-making by the Board of Directors and management of the Company, where pricing was determined in accordance with principles such as government pricing and fair market pricing, which did not violate the principles of openness, fairness and impartiality, and there were no circumstances in which the interests of the Company or the interests of its minority Shareholders were undermined.

VII. OPINION OF THE BOARD OF SUPERVISORS REGARDING EVALUATION OF THE INTERNAL CONTROL OF THE COMPANY

During the reporting period, upon review of the Assessment Report on Internal Control of CRRC Corporation Limited for 2022, the Board of Supervisors had no objections to the report. KPMG LLP (Special General Partnership) audited the internal control of the Company for 2022, and issued the Audit Report on the Internal Control of CRRC Corporation Limited for 2022, which was of the view that the Company maintained effective internal control of financial report in all material respects in accordance with the Basic Practices of Internal Control of Enterprises and the relevant requirements as at 31 December 2022. In 2023, the Company's internal control activities were regulated, conducted in compliance with the laws and were valid without any instance of breaching the relevant requirements of the securities regulatory authorities.

ANNEX B 2023 WORK REPORT OF THE BOARD OF SUPERVISORS

In 2024, the Board of Supervisors will continue to diligently perform its duties strictly in accordance with the Company Law of the PRC, the Articles of Association and other relevant requirements, adequately express its opinion, and carefully and independently consider resolutions and cast its vote in order to facilitate the sound and sustainable development of the Company.

The Board of Supervisors of CRRC Corporation Limited