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中國中車股份有限公司
CRRC CORPORATION LIMITED

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

(Stock Code: 1766)

ANNOUNCEMENT ON CONNECTED TRANSACTION

**ESTABLISHMENT OF A PROJECT COMPANY
IN RELATION TO PPP PROJECT**

The Board hereby announces that, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric (all of which are subsidiaries of the Company) formed a Consortium with CRRC GROUP, Construction and Investment Company and City Investment Fund Management Company and jointly participated in the tender of Wuxi-Jiangyin Intercity Railway Construction PPP Project. The tender award notification of such project was received on 8 October 2019.

ESTABLISHMENT OF PROJECT COMPANY

On 19 December 2019, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric (all of which are subsidiaries of the Company) formed a Consortium with CRRC GROUP, Construction and Investment Company and City Investment Fund Management Company and entered into the Investment Agreement with Government Implementation Authorities of the PPP Project as well as the Shareholders' Agreement with Government Funding Representatives, respectively. Pursuant to such agreements, the Consortium and Government Funding Representatives would establish the Project Company with joint capital contribution to invest in PPP Project. Upon establishment of the Project Company, CRRC Construction Engineering, Suzhou CRRC Construction Engineering, Times Electric, CRRC GROUP, Construction and Investment Company and City Investment Fund Management Company will hold 5.48%, 1%, 4%, 0.1%, 2.4% and 67.02%, respectively of the equity interests of the Project Company. The Project Company would not become a subsidiary of the Company.

IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric are subsidiaries of the Company. Construction and Investment Company is a subsidiary of CRRC GROUP. City Investment Fund Management Company is an associate held as to 50% by CRRC GROUP indirectly. CRRC GROUP is the controlling Shareholder of the Company holding, directly and indirectly, 50.73% equity interests of the Company. CRRC GROUP, Construction and Investment Company and City Investment Fund Management Company are therefore connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules, and the establishment of the Project Company constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the transactions under the Investment Agreement and Shareholders' Agreement exceeds 0.1% but is less than 5%, such transactions are subject to annual reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

1. INTRODUCTION

Reference is made to the voluntary announcement of the Company dated 30 October 2019 in relation to the proposed establishment of a joint venture in relation to PPP Project.

The Board hereby announces that, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric (all of which are subsidiaries of the Company) formed a Consortium with CRRC GROUP, Construction and Investment Company and City Investment Fund Management Company and jointly participated in the tender of Wuxi-Jiangyin Intercity Railway Construction PPP Project. The tender award notification of such project was received on 8 October 2019.

On 19 December 2019, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric (all of which are subsidiaries of the Company) formed a Consortium with CRRC GROUP, Construction and Investment Company and City Investment Fund Management Company and entered into the Investment Agreement with Government Implementation Authorities of the PPP Project as well as the Shareholders' Agreement with Government Funding

Representatives, respectively. Pursuant to such agreements, the Consortium and Government Funding Representatives would establish the Project Company with joint capital contribution to invest in PPP Project. Upon establishment of the Project Company, CRRC Construction Engineering, Suzhou CRRC Construction Engineering, Times Electric, CRRC GROUP, Construction and Investment Company and City Investment Fund Management Company will hold 5.48%, 1%, 4%, 0.1%, 2.4% and 67.02%, respectively of the equity interests of the Project Company. The Project Company would not become a subsidiary of the Company.

2. INVESTMENT AGREEMENT

2.1 Date

19 December 2019

2.2 Parties

- (1) CRRC Construction Engineering;
- (2) Suzhou CRRC Construction Engineering;
- (3) Times Electric;
- (4) CRRC GROUP;
- (5) Construction and Investment Company;
- (6) City Investment Fund Management Company;
- (7) Wuxi Municipal Rail Transit Planning and Construction Leadership Panel (Command) Office; and
- (8) Jiangyin Transport Bureau.

As at the date of this announcement, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric are subsidiaries of the Company. Construction and Investment Company is a subsidiary of CRRC GROUP. City Investment Fund Management Company is an associate held as to 50% by CRRC GROUP indirectly. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, saved as the above, each of the other parties and their respective ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

2.3 Details of Construction for PPP Project

- (1) The total length of the line would be 30.4 km, in which approximately 10.5 km for underground lines, 0.2 km for transitional section and approximately 19.7 km for elevated lines. There would be 9 stations, including 5 underground stations and 4 elevated stations.
- (2) The length of the vehicle in-and-out section in Huashan would be 1.6 km.
- (3) One new vehicle section in Huashan located in the plot on the northeast side of the intersection of Xuxi Avenue and Jiangyin Avenue would be built.
- (4) Two new main substations respectively located in Huashan and West Street would be built.
- (5) Shared use of the existing Wuxi metro line network control center. The control center is located on the west side of the People's Hospital Station of Metro Line 1, with Qingyang Road to the east and Jincheng Road to the south. The scale is considered on the basis of 8-lines access.

2.4 Cooperation Period for PPP Project

The cooperation period for PPP Project is 29.5 years, including 4.5 years of construction period and 25 years of operation period.

2.5 Total Investment and Project Capital of PPP Project

The total investment of PPP Project is approximately RMB13.99 billion. The project capital is 40% of the total investment of the project, of which Government Funding Representatives and the Consortium shall contribute 20% and 80%, respectively.

2.6 Construction Period Performance Guarantee

The parties agreed that an irrevocable and readily redeemable construction period performance guarantee shall be provided by Construction and Investment Company of the Consortium to Government Implementation Authorities and shall remain effective. The amount of construction period performance guarantee is RMB1 billion.

3. SHAREHOLDERS' AGREEMENT

3.1 Date

19 December 2019

3.2 Parties

- (1) CRRC Construction Engineering;
- (2) Suzhou CRRC Construction Engineering;
- (3) Times Electric;
- (4) CRRC GROUP;
- (5) Construction and Investment Company;
- (6) City Investment Fund Management Company;
- (7) Wuxi Metro Group; and
- (8) Jiangyin Xinguolian Company.

As at the date of this announcement, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric are subsidiaries of the Company. Construction and Investment Company is a subsidiary of CRRC GROUP. City Investment Fund Management Company is an associate held as to 50% by CRRC GROUP indirectly. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, saved as the above, each of the other parties and their respective ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

3.3 Registered Capital, Project Capital of the Project Company and Contribution from the Parties

Pursuant to the Shareholders' Agreement, the registered capital of the Project Company is RMB800 million. The capital will be contributed by each party in cash. The project capital is approximately RMB5,595,588,000, representing 40% of the total investment of the project. Any shortfall between the registered capital and project capital shall be contributed by each shareholder to the Project Company by way of capital reserve based on the proportion of their respective shareholding. The registered capital and capital reserve shall be in place in time to meet the requirement of the project construction progress.

The amount of contribution to the Project Company by each party and their shareholdings in the Project Company are as follows:

Parties	Amount of Contribution (RMB'0,000)	Shareholding in the Project Company
Wuxi Metro Group	22,382.35	4.00%
Jiangyin Xinguolian Company	89,529.41	16.00%
CRRC GROUP	559.56	0.10%
Construction and Investment Company	13,429.41	2.40%
City Investment Fund Management Company	375,016.31	67.02%
CRRC Construction Engineering	30,663.82	5.48%
Suzhou CRRC Construction Engineering	5,595.59	1.00%
Times Electric	22,382.35	4.00%
Total project capital	559,558.80	100%

Each party shall pay up its initial project capital (RMB600 million in aggregate) in cash based on the proportion of their respective shareholding within 90 days from the date of incorporation of the Project Company. The subscription of capital contribution by each party shall be made based on the construction progress of the project while the payment schedule of subsequent contribution is as follows:

Name	Total	First year of construction period	Second year of construction period	Third year of construction period	Fourth year of construction period	Fifth year of construction period
Proportion of contribution to project capital	100%	27%	22%	26%	13%	12%

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

3.4 Business Scope of the Project Company

The business scope of the Project Company shall cover: investment and financing, construction, operation and maintenance of PPP Project, the provision of passenger transportation service in urban rapid rail transit systems and non-passenger transportation service businesses within the project scope (including design, production, release and agency business of advertisements, telecommunication, commercial retail, operation of linking facilities (including leasing) etc.) (subject to the actual registration with the industry and commerce administration).

During the cooperation period of PPP Project, without the written consent of the Government Implementation Authorities, the Project Company shall not engage in any operating activities irrelevant to PPP Project or invest in, lend, borrow and guarantee on projects other than PPP Project.

3.5 Composition of the Board of Directors and Operation Management Authority of the Project Company

The board of directors of the Project Company is comprised of seven directors (including an employee director). The Government Funding Representatives and the Consortium will recommend two and four individuals respectively to act as director while the employee representative will be elected by the employees of the company through staff representative's meeting, staff's meeting or democratic election in other forms. The non-employee directors will act as directors after being elected in the shareholders' meeting and will be eligible for re-election. The board of directors of the Project Company will consist of one chairman, which will be recommended by the Consortium and shall be elected by the board of directors.

The operation management authority of the Project Company shall be comprised of one general manager (which will be recommended by the Consortium and appointed by the board of directors), four deputy general managers (among which, one will be recommended by Government Funding Representatives and appointed by the board of directors, while three will be recommended by the Consortium and appointed by the board of directors) and one chief financial officer (which will be recommended by the Consortium and appointed by the board of directors). The Government Funding Representatives is entitled to recommend one deputy financial officer, which will be engaged after approved by the board of directors.

3.6 Transfer Restrictions on Equity Interests

The lock-up period of the equity interest of the PPP Project is from 2019 to 31 December 2028. During the lock-up period, CRRC GROUP, as the lead member of the Consortium, shall not transfer or withdraw its equity interests while the other members of the Consortium (namely CRRC Construction Engineering, Suzhou Construction Engineering, Times Electric (all of which are subsidiaries of the Company), Construction and Investment Company (a subsidiary of CRRC GROUP) and City Investment Fund Management Company (an associate of CRRC GROUP)) may transfer their equity interests with written consent of the Government Implementation Authorities. Upon expiry of the lock-up period, the Project Company is allowed to change or transfer its equity interest without prejudice to the operation of PPP Project and with written consent of the Government Implementation Authorities.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT AND SHAREHOLDERS' AGREEMENT

The entering into of the Investment Agreement and Shareholders' Agreement is in line with the Company's development strategy and beneficial to the business scale expansion of the Company, acceleration of the formation of mechanical and electrical integration capabilities, engineering contracting capabilities and operational service capabilities with "CRRC" characteristics.

5. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric are subsidiaries of the Company. Construction and Investment Company is a subsidiary of CRRC GROUP. City Investment Fund Management Company is an associate held as to 50% by CRRC GROUP indirectly. CRRC GROUP is the controlling Shareholder of the Company holding, directly and indirectly, 50.73% equity interests of the Company. CRRC GROUP, Construction and Investment Company and City Investment Fund Management Company are therefore connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules, and the establishment of the Project Company constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the transactions under the Investment Agreement and Shareholders' Agreement exceeds 0.1% but is less than 5%, such transactions are subject to annual reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Two Directors, namely Mr. Liu Hualong and Mr. Sun Yongcai, hold positions in CRRC GROUP and have abstained from voting on the Board resolutions approving the entering into of Investment Agreement and Shareholders' Agreement and the transactions thereunder. Save as stated above, none of the Directors have a material interest in the transactions contemplated under the Investment Agreement and Shareholders' Agreement and hence no other Directors have abstained from voting on the relevant Board resolutions.

All Directors (including all independent non-executive Directors) are of the view that both the Investment Agreement and Shareholders' Agreement have been entered into after negotiation on arm's length basis and on normal commercial terms, and the relevant terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

6. GENERAL INFORMATION ON THE COMPANY, CRRC GROUP AND THE PARTIES

The Company

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

CRRC GROUP

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

CRRC Construction Engineering

CRRC Construction Engineering is a wholly-owned subsidiary of the Company. The main scope of business of CRRC Construction Engineering includes: general contracting of construction, urban rail transit operation and management, professional contracting, technologies development, sales of mechanical equipment and construction materials, leasing of mechanical equipment, product import and export, survey and design of construction, and management of construction projects, etc.

Suzhou CRRC Construction Engineering

Suzhou CRRC Construction Engineering is a wholly-owned subsidiary of the Company. The main scope of business of Suzhou CRRC Construction Engineering includes: undertaking construction of roads and bridges, tunnels, infrastructural facilities, municipal pipelines; construction of rail transit; general industrial and civil infrastructure construction and installation of related equipment; earthwork construction; river regulation works; construction of water conservancy facilities; foundation and elementary construction; environmental protection and greening projects; mechanical works; geotechnical testing; leasing of self-owned properties and mechanical equipment.

Times Electric

Times Electric is a subsidiary of the Company. The main scope of business of Times Electric includes: research, development, manufacturing and sales of railway locomotives vehicle converter and control system, electrical system of urban rail transit and other transits, and the research, development, manufacturing and sales of electrical components for railway industry, urban rail industry and non-railway purpose.

Construction and Investment Company

Construction and Investment Company is a subsidiary of CRRC GROUP. The main scope of business of Construction and Investment Company includes: project investment, investment management, assets management and investment advisory.

City Investment Fund Management Company

City Investment Fund Management Company is an associate held as to 50% by CRRC GROUP indirectly. The main scope of business of which includes: industry research, PPP consultation, planning of investment and financing, risk control and management, funding establishment, post-investment management and capital operation, etc.

Wuxi Municipal Rail Transit Planning and Construction Leadership Panel (Command) Office

Wuxi Municipal Rail Transit Planning and Construction Leadership Panel (Command) Office is established with the approval of Wuxi Municipal Government, which primarily engages in the integrated development and utilization of urban metro and its neighbouring resources, and the investment, financing, construction, operation and management of ancillary engineering, as well as undertaking other urban infrastructure construction, operation and management functions as instructed by the government.

Jiangyin Transport Bureau

Jiangyin Transport Bureau is a functional department under Jiangyin Municipal People's Government of the PRC which is principally in charge of the management of the transportation of Jiangyin Municipal.

Wuxi Metro Group

Wuxi Metro Group is a state-owned company with limited liability. The principal business scope of Wuxi Metro Group includes: investment, construction and operation of urban rail transit; construction management service, domestic trade; utilization of self-owned assets for external investment; leasing of self-owned properties; property management; consultation and training services; investment and construction of the Beijing-Shanghai high-speed railway and the Wuxi section of Shanghai-Nanjing intercity high-speed railway; design, production, agency and release of domestic advertisements.

Jiangyin Xinguolian Company

Jiangyin Xinguolian Company is a wholly state-owned company with limited liability, its principal business scope primarily includes: utilization of self-owned assets for external investment; investment management; assets management; equity investment; property management and leasing of properties.

7. DEFINITIONS

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

“Board”	the board of directors of the Company
“City Investment Fund Management Company”	CRRC (Beijing) City Development Equity Investment Fund Management Co., Ltd.* (中車(北京)城市發展股權投資基金管理有限公司), a company incorporated in the PRC with limited liability and an associate held as to 50% by CRRC GROUP indirectly

“Company”	CRRC Corporation Limited (中國中車股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Consortium”	the consortium of CRRC GROUP, Construction and Investment Company, City Investment Fund Management Company, CRRC Construction Engineering, Suzhou CRRC Construction Engineering and Times Electric
“Construction and Investment Company”	CRRC Rail Transit Construction and Investment Co., Ltd.* (中車軌道交通建設投資有限公司), a company incorporated in the PRC with limited liability and a subsidiary of CRRC GROUP
“CRRC Construction Engineering”	CRRC Construction Engineering Co., Ltd.* (中車建設工程有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“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
“Director(s)”	the directors (including the independent non-executive directors) of the Company
“Government Funding Representatives”	Wuxi Metro Group and Jiangyin Xinguolian Company
“Government Implementation Authorities”	Wuxi Municipal Rail Transit Planning and Construction Leadership Panel (Command) Office* (無錫市軌道交通規劃建設領導小組(指揮部)辦公室) and Jiangyin Transport Bureau* (江陰市交通運輸局)
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	the party(ies) who is/are not connected with the Company and its connected persons as far as the Directors are aware after having made all reasonable enquiries
“Investment Agreement”	the Investment Agreement for Wuxi-Jiangyin Intercity Railway Construction PPP Project entered into between the Government Implementation Authorities and Consortium on 19 December 2019
“Jiangyin Xinguolian Company”	Jiangyin Xinguolian Investment and Development Co., Ltd.* (江陰市新國聯投資發展有限公司), a company incorporated in the PRC with limited liability
“PPP”	Public-Private Partnership, a form of cooperation between the government and social capital
“PPP Project”	Wuxi-Jiangyin Intercity Railway Construction PPP Project
“PRC”	the People’s Republic of China
“Project Company”	Xicheng CRRC (Wuxi) City Railway Engineering Co., Ltd.* (錫澄中車(無錫)城市軌道交通工程有限公 司), a company proposed to be incorporated in the PRC with limited liability under the Shareholders’ Agreement (tentatively named, with the final name subject to review and approval by the administrative authority for industry and commerce of the PRC)

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Agreement”	the Shareholders’ Agreement for Wuxi-Jiangyin Intercity Railway Construction PPP Project entered into between the Government Funding Representatives and Consortium on 19 December 2019
“Suzhou CRRC Construction Engineering”	Suzhou CRRC Construction Engineering Co., Ltd.* (蘇州中車建設工程有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Times Electric”	Zhuzhou CRRC Times Electric Co., Ltd. (株洲中車時代電氣股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Hong Kong Stock Exchange, and a subsidiary of the Company
“Wuxi Metro Group”	Wuxi Metro Group Co., Ltd.* (無錫地鐵集團有限公司), a company incorporated in the PRC with limited liability
“%”	percentage

By order of the Board
CRRC Corporation Limited
Liu Hualong
Chairman

Beijing, the PRC
19 December 2019

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Hualong and Mr. Sun Yongcai; the non-executive Director is Mr. Liu Zhiyong; and the independent non-executive Directors are Mr. Li Guo’an, Mr. Wu Zhuo and Mr. Sun Patrick.

* *For identification purposes only*