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

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

(Stock Code: 1786)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS

THE FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH CRCC FINANCE

Reference is made to the announcement of the Company dated 9 December 2019 in relation to, among other things, the Previous Financial Services Framework Agreement.

As the Company proposes to increase the proposed maximum daily balance of the deposits under the Previous Financial Services Framework Agreement and renew such agreement, the Company entered into the Financial Services Framework Agreement with CRCC Finance on 31 July 2020 to replace the Previous Financial Services Framework Agreement.

THE PRODUCTS AND SERVICES PROCUREMENT FRAMEWORK AGREEMENT WITH CRCC

Reference is made to the announcement of the Company dated 31 July 2018 in relation to the Previous Products and Services Procurement Framework Agreement.

As the Previous Products and Services Procurement Framework Agreement is expected to expire on 31 December 2020, the Company entered into the Products and Services Procurement Framework Agreement with CRCC on 31 July 2020 to renew the Previous Products and Services Procurement Framework Agreement, pursuant to which the Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates for the term commencing from 1 January 2021 and ending on 31 December 2023.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRCC is the controlling Shareholder and CRCC Finance is a subsidiary of CRCC, and thus each of CRCC and CRCC Finance is a connected person of the Company under the Listing Rules. Therefore, the transactions under the Financial Services Framework Agreement and the Products and Services Procurement Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules, respectively.

Since the highest applicable percentage ratios in respect of the highest annual caps under the Financial Services Framework Agreement and the Products and Services Procurement Framework Agreement are both more than 5% but less than 25%, such transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, respectively.

EGM

At the EGM, ordinary resolutions, among other things, will be put forward for the Independent Shareholders to consider and, if appropriate, to approve (i) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (ii) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder.

A circular of the Company containing, among other things, (i) details of the Financial Services Framework Agreement and the proposed maximum daily balance of the deposits; (ii) details of the Products and Services Procurement Framework Agreement and the proposed maximum transaction amounts; (iii) the opinion and recommendation from the Independent Board Committee; and (iv) the opinion and recommendation from the Independent Financial Adviser, will be issued by the Company and despatched to the Shareholders no later than 4 September 2020.

I. THE FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH CRCC FINANCE

1. Background

Reference is made to the announcement of the Company dated 9 December 2019 in relation to, among other things, the Previous Financial Services Framework Agreement.

On 9 December 2019, the Company entered into the Previous Financial Services Framework Agreement with CRCC Finance, pursuant to which CRCC Finance agreed to provide deposit services to the Group for the term commenced from 1 January 2020 and ending on 31 December 2020.

As the Company proposes to increase the proposed maximum daily balance of the deposits under the Previous Financial Services Framework Agreement and renew such agreement, the Company entered into the Financial Services Framework Agreement with CRCC Finance on 31 July 2020 to replace the Previous Financial Services Framework Agreement. The term of the Financial Services Framework Agreement will commence upon the conclusion of the EGM and end on 31 December 2022. Other than the above change, all existing terms and conditions of the Previous Financial Services Framework Agreement have remained unchanged.

2. Financial Services Framework Agreement

Details of the Financial Services Framework Agreement are as follows:

Date: 31 July 2020

Parties: The Company (as the service recipient); and
CRCC Finance (as the service provider)

Nature of transactions: CRCC Finance agreed to provide deposit services to the Group.

Term: The term of the Financial Services Framework Agreement will commence upon the conclusion of the EGM and end on 31 December 2022, subject to early termination by either party giving at least three months' prior written notice to the other party.

Parties can extend or renew such terms by mutual agreement, provided that the requirements under the relevant laws, regulations and the Listing Rules are complied with.

Pricing policy: Pursuant to the Financial Services Framework Agreement, CRCC Finance shall accept deposits from the Group at interest rates not lower, and thus no less favorable, than the prevailing rates offered by the major PRC commercial banks for deposits of similar nature.

Other major terms: The Group and CRCC Finance will enter into specific agreements to set out specific terms with respect to the financial services contemplated under the Financial Services Framework Agreement in accordance with the aforementioned principle terms thereunder.

Conditions precedent: The Financial Services Framework Agreement is conditional upon the resolution regarding the Financial Services Framework Agreement and the proposed maximum daily balance of the deposits being approved by the Independent Shareholders at the EGM.

3. Historical Figures

The historical maximum daily balance of the deposits (including accrued interest) placed by the Group with CRCC Finance for each of the three years ended 31 December 2019 was approximately RMB973.88 million, RMB926.30 million and RMB99.00 million, respectively.

4. Proposed Maximum Daily Balance of the Deposits

The proposed maximum daily balance of the deposits (including accrued interest) to be placed by the Group with CRCC Finance for the period from the date of EGM to 31 December 2020 and the two years ending 31 December 2022 are as follows:

	From the date of EGM to 31 December 2020 (RMB million)	12 months ending 31 December 2021 (RMB million)	12 months ending 31 December 2022 (RMB million)
Proposed maximum daily balance of the deposits (including accrued interest) to be placed by the Group with CRCC Finance	350 (<i>note</i>)	350	350

Note: Pursuant to the Previous Financial Services Agreement, the maximum daily balance of the deposits (including accrued interest) from 1 January 2020 to 31 December 2020 is RMB75 million. The Company confirms that such maximum daily balance was not exceeded during the period from 1 January 2020 to the date of this announcement.

5. Basis of the Proposed Maximum Daily Balance of the Deposits

In arriving at the above proposed maximum daily balance of the deposits, the Company has considered the following principal factors:

- (i) for the sales of products and services transactions that the Company enters into with CRCC, a large proportion of the payment is expected to be made through (a) credit certificates issued by a member of the CRCC Group, or (b) acceptance bills drawn by CRCC Finance. Payments through both methods will be made to the Company's account at CRCC Finance. It is expected that the annual payments made through such methods will amount to approximately RMB100 million from the date of EGM to 31 December 2020 and the two years ending 31 December 2022;
- (ii) the Company is expected to make payments to its suppliers through acceptance bills drawn by CRCC Finance, which provides more efficient services at relevantly lower costs, as compared to independent commercial banks (for example, the commission fee rate charged by CRCC Finance is 0.03% with a minimum charge of RMB200 for each transaction, while the average commission fee rate charged by independent commercial banks amounts to approximately 0.05% with a minimum charge of RMB500 for each transaction). It is expected that the annual payment made by the Company through the acceptance bills drawn by CRCC Finance will amount to approximately RMB270 million from the date of EGM to 31 December 2020 and the two years ending 31 December 2022; and

- (iii) the interest rate of deposits from CRCC Finance is more competitive than that from general commercial banks. The latest benchmark interest rates for deposits as announced by the PBOC for 6-month deposit, one-year deposit and two-year deposit are 1.30%, 1.50% and 2.10%, respectively. However, the interest rate of 6-month deposit, one-year deposit and two-year deposit offered by CRCC Finance to the Group were 1.89%, 2.10% and 2.94% respectively.

6. Reasons for and Benefits of the Continuing Connected Transactions Under the Financial Services Framework Agreement

The Group is expected to benefit from CRCC Finance's familiarity of our industry and the Group's operations. Through years of cooperation, CRCC Finance has become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and our overall financial management system, which may enable CRCC Finance to render more expedient, efficient and flexible deposit services to the Group than other commercial banks and independent financial institutions in the PRC. The terms of the Financial Services Framework Agreement were negotiated on an arm's length basis and in the ordinary and usual course of business of the Group.

With respect to deposits placed by the Group with CRCC Finance, the Group will be able to receive interest at rates not lower, and thus no less favorable, than the prevailing rates offered by the major PRC commercial banks for deposits of similar nature.

For the avoidance of doubt, the Group is not prohibited or restricted in any way to use deposit services provided by other commercial banks or independent financial institutions in the open market, and we retain discretion to make our selection according to business needs as well as the fees and quality of such deposit services. The Group may (but is not obliged to) utilize the deposit services provided by CRCC Finance so as to deploy and manage our financial resources flexibly and efficiently.

7. Internal Control Measures to Ensure Safety of the Funds of the Group Deposited with CRCC Finance

The Company has adopted the following monitoring and internal control measures to ensure that the terms of the Financial Services Framework Agreement are fair and reasonable and such transactions are on normal commercial terms:

- (i) before the Company or any of our subsidiaries enters into any deposit services with CRCC Finance, the Group will obtain quotes from three other independent financial institutions for similar deposit services for the same duration, namely Bank of China Kunming North Station Branch, China CITIC Bank Kunming Baita Road Branch and Industrial and Commercial Bank of China Kunming Huguo Branch. Such quotes, together with the quote from CRCC Finance, will be reviewed by the finance department and the audit and risk control department of the Company, and the quote from CRCC Finance has to be approved by the heads of these departments in order to pass our internal approval process before it can be accepted;

- (ii) CRCC Finance shall set up and maintain, or procure the setting up and maintenance of, a secured and stable on-line system through which enables the relevant subsidiary of the Company, which deposits money with CRCC Finance, to view the balance of such deposits at any time on any day;
- (iii) CRCC Finance shall, in taking the deposits from the Group, not affect the normal use of the deposits by the Group; CRCC Finance shall ensure that its deployment of the funds will not inhibit or restrict the ability of the Group from utilizing our deposits, and if the funding needs of the Group do not exceed the total deposits placed by the Group with CRCC Finance, CRCC Finance shall ensure that there will be sufficient funds for the Group's timely withdrawal to meet the funding needs of the Group;
- (iv) CRCC Finance shall facilitate any annual inspection by the Group of the management of the deposits placed by the Group with CRCC Finance, including inspection of records of fund flows, interest rates and payments provided to our deposits, the balance of our deposits placed, and other information and records that may be required by our auditors for the purpose of reporting on the relevant continuing connected transactions;
- (v) CRCC Finance will provide its annual financial report and other documents and information to the Company at our request; and
- (vi) the auditor of the Company will also conduct annual review on the pricing policies and annual caps of such agreement, and provide confirmation in our annual report.

II. THE PRODUCTS AND SERVICES PROCUREMENT FRAMEWORK AGREEMENT WITH CRCC

1. Background

Reference is made to the announcement of the Company dated 31 July 2018 in relation to the Previous Products and Services Procurement Framework Agreement. As the Previous Products and Services Procurement Framework Agreement is expected to expire on 31 December 2020, the Company entered into the Products and Services Procurement Framework Agreement with CRCC on 31 July 2020 to renew the Previous Products and Services Procurement Framework Agreement, pursuant to which the Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates for the term commencing from 1 January 2021 and ending on 31 December 2023.

2. Products and Services Procurement Framework Agreement

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

Date: 31 July 2020

Parties: the Company (as the purchaser of products and services); and
CRCC (as the supplier of products and services)

Nature of transactions: The Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates, including: (i) materials and equipment required by the Company and/or its subsidiaries in their productions and sales; (ii) construction services; (iii) assets and equipment leasing services; (iv) railway line usage services; (v) maintenance services; and (vi) other paid services.

Term: The term of the Products and Services Procurement Framework Agreement will commence on 1 January 2021 and end on 31 December 2023, subject to early termination by either party giving at least three months' prior written notice to the other party.

Parties can extend or renew the Products and Services Procurement Framework Agreement by mutual agreement, provided that the requirements under the Listing Rules are complied with.

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

- (i) Where there are market prices for the relevant products and services, the prices shall be determined with reference to the prevailing market prices, which are the prices charged by CRCC and/or its associates for providing the same type of products and services to an independent third party customer on normal commercial terms. In determining the prevailing market prices for the relevant products and services, the Company will make reference to the quotations offered by at least two independent third party suppliers for providing the same or similar products or services. The Company will also take into account the following factors to ensure that the prices offered by CRCC and/or its associates will be no less favourable than those available to the Company from the independent third party suppliers for purchasing the same type of products or services, including the costs of the relevant products or services, quality requirements, market conditions, and time arrangement.

- (ii) Where there are no market prices for the relevant products and services that are aimed at meeting the Group's specific business requirements, the prices shall be determined according to the agreed prices between the parties. The agreed prices will be calculated based on the actual costs incurred in providing such products and services, which include the costs of raw materials, accessories, depreciation, salary, energy, required technology and equipment maintenance, plus reasonable profits. CRCC and/or its associates will charge a mark-up rate generally not higher than 15% for all transactions under the Products and Services Procurement Framework Agreement, which is the same mark-up rate charged to an independent third party customer. The Board is of the view that such mark-up rate is fair and reasonable, on normal commercial terms and not prejudicial to the interest of the Company's minority Shareholders.

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

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

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

Conditions precedent: The Products and Services Procurement Framework Agreement is conditional upon the resolution regarding the Products and Services Procurement Framework Agreement and the proposed maximum transaction amounts being approved by the Independent Shareholders at the EGM.

3. Historical Figures

The Group and CRCC and/or its associates have conducted relevant transactions under the Previous Products and Services Procurement Framework Agreement since 1 January 2018. The historical transaction amounts for each of the two years ended 31 December 2019 was approximately RMB1.30 million and RMB30.00 million, respectively.

4. Proposed Annual Caps

The proposed annual caps for the three years ending 31 December 2023 under the Products and Services Procurement Framework Agreement are as follows:

	12 months ending 31 December 2021 (RMB million)	12 months ending 31 December 2022 (RMB million)	12 months ending 31 December 2023 (RMB million)
Proposed maximum transaction amounts:			
Procurement of products and services by the Group from CRCC and/or its associates	350	350	350

5. Basis of the Proposed Annual Caps

In arriving at the above proposed maximum transaction amounts, the Company has considered the following principal factors:

- (i) the main reason for the significant increase in the proposed annual cap is the influence of IFRS 16 in relation to the provision of assets and equipment leasing services by CRCC and/or its associates to the Company (as the lessee). Pursuant to IFRS 16, the value of the right-of-use assets relating to the assets and equipment leasing services to be entered into by the Company under the Products and Services Procurement Framework Agreement is expected to be approximately RMB340 million for each of the three financial years ending 31 December 2023;
- (ii) the amount of the historical transactions between the Group and CRCC and/or its associates;
- (iii) For the three financial years ending 31 December 2023, taking into account the increase in equipment manufacturing businesses, the demands for parts, components and materials required by the Company and/or its subsidiaries in their productions and sales are expected to increase. In addition, certain of the key parts and components of such business are of weak substitutability on the market from independent third party suppliers, and therefore need to be purchased from CRCC and/or its associates;
- (iv) in addition to the above business, the demands of the Company and/or its subsidiaries for other products and services under the Product and Services Procurement Framework Agreement, including construction services, assets and equipment leasing services, railway line usage services, maintenance services and other paid services are expected to remain stable for the three financial years ending 31 December 2023.

6. Reasons for and Benefits of the Transactions Under the Products and Services Procurement Framework Agreement

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

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

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

- (i) Before the Group enters into any specific procurement agreement with CRCC and/or its associates, the Group shall conduct public procurement for the business through methods including, among others, public tenders on governmental platforms, public tenders on corporate platforms, invitation tenders, competitive negotiation after invitation quotations, inquiry comparison purchase, direct competitive negotiation and inquiry comparison purchase. The bid-winner of the procurement will be determined with comprehensive evaluation conducted by professional institutions or professional departments (if the comprehensive evaluation scores of CRCC and/or its associates are at disadvantages, they will not be determined as the bid-winners). The results of the bidding shall be reviewed by professional judges, professional departments and the senior management of the Company. The entering into of the specific procurement contracts is subject to the review by the finance department, legal affairs department, audit department and the senior management of the Company;
- (ii) The procurement department, finance department, audit department and the senior management of the Company shall conduct examination on the execution of the specific procurement contracts; and
- (iii) The auditor of the Company will also conduct annual audit on the pricing policies and annual caps of the agreement, and provide confirmation in the annual report.

III. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CRCC is the controlling Shareholder, which directly and indirectly holds approximately 65% of the total issued share capital of the Company, and is thus a connected person of the Company under the Listing Rules. CRCC Finance is a subsidiary of CRCC, which is owned as to 94% by CRCC as at the date of this announcement, and thus is a connected person of the Company under the Listing Rules.

Therefore, the transactions under the Financial Services Framework Agreement and the Products and Services Procurement Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules, respectively.

Since the highest applicable percentage ratios in respect of the highest annual cap under the Financial Services Framework Agreement and the Products and Services Procurement Framework Agreement are both more than 5% but less than 25%, such transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, respectively.

The Board (excluding the independent non-executive Directors, whose opinion will be formed after taking into account the advice to be provided by the Independent Financial Adviser) is of the view that: (i) the transactions under the Financial Services Framework Agreement and the Products and Services Procurement Framework Agreement are both entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; (ii) the proposed maximum daily balance of the deposits to be placed under the Financial Services Framework Agreement for the period from the date of EGM to 31 December 2020 and the two years ending 31 December 2022 are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (iii) the proposed annual caps for the three years ending 31 December 2023 for the transactions under the Products and Services Procurement Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As Mr. Sha Mingyuan, a non-executive Director of the Company, concurrently holds positions in CRCC, he has abstained from voting on the Board resolutions with respect to the transactions under the Financial Services Framework Agreement or the Products and Services Procurement Framework Agreement. Save as disclosed above, none of the Directors has material interest in such transactions, and therefore, none of the other Director has abstained from voting on such Board resolutions.

IV. GENERAL INFORMATION

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

CRCC Finance is a non-banking financial institution incorporated in the PRC on 28 March 2012 and is subject to the Administrative Measures on Finance Companies within Group Enterprises (《企業集團財務公司管理辦法》) and other relevant regulations promulgated by PBOC and CBIRC. The establishment of such non-banking financial institutions is subject to approval by CBIRC and its operation is subject to the ongoing supervision of CBIRC. Non-banking financial institutions shall comply with applicable regulations relating to interest rates issued by PBOC and CBIRC.

In the PRC, finance companies within group enterprises are only permitted under applicable PRC laws and regulations to provide financial services to enterprises within the same parent group. Therefore, CRCC Finance only provides financial services to members of the CRCC Group, including the Group.

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

V. EGM

At the EGM, ordinary resolutions, among other things, will be put forward for the Independent Shareholders to consider and, if appropriate, to approve (i) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (ii) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder.

An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders in respect of (i) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (ii) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder. The Independent Financial Adviser, Messis Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

CRCC and its four wholly-owned subsidiaries, namely China Railway Construction Investment Group, CRCC International Group, China Civil Engineering Construction and CRCC China-Africa Company, which directly and indirectly hold approximately 65% of the issued share capital of the Company as at the date of this announcement, will be required to abstain from voting on the resolutions at the EGM with respect to (i) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (ii) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief, no other Shareholder has any material interest in the transactions under the Financial Services Framework Agreement or the Products and Services Procurement Framework Agreement and therefore will be required to abstain from voting to approve the relevant resolutions at the EGM.

A circular of the Company containing, among other things:

- (i) details of the Financial Services Framework Agreement and the proposed maximum daily balance of the deposits;
- (ii) details of the Products and Services Procurement Framework Agreement and the proposed maximum transaction amounts;
- (iii) a letter from the Independent Board Committee containing its opinion and recommendation on (a) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (b) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder; and
- (iv) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its opinion and recommendation on (a) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (b) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder,

will be issued by the Company and despatched to the Shareholders no later than 4 September 2020 in accordance with Rule 19A.39A of the Listing Rules, because additional time is required to prepare and finalise the information to be included in the circular.

VI. DEFINITIONS

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

“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“China Civil Engineering Construction”	China Civil Engineering Construction Ltd. (中國土木工程集團有限公司), a limited liability company incorporated in the PRC, a wholly-owned subsidiary of CRCC, our Shareholder and a connected person of the Company
“China Railway Construction Investment Group”	China Railway Construction Investment Group Co., Ltd. (中國鐵建投資集團有限公司), a limited liability company incorporated in the PRC, a wholly-owned subsidiary of CRCC, our Shareholder and a connected person of the Company

“Company”	CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司), a joint stock limited company, whose H Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“CRCC”	China Railway Construction Corporation Limited (中國鐵建股份有限公司), a joint stock limited company incorporated in the PRC and our controlling Shareholder. Its H shares are listed on the Main Board of the Stock Exchange (stock code: 01186) and its A shares are listed on the Shanghai Stock Exchange (stock code: 601186)
“CRCC China-Africa Company”	CRCC China-Africa Construction Limited (中鐵建中非建設有限公司), a limited liability company incorporated in the PRC, a wholly-owned subsidiary of CRCC, our Shareholder and a connected person of the Company
“CRCC Finance”	CRCC Finance Company Limited (中國鐵建財務有限公司), a limited liability company incorporated in the PRC, a subsidiary of CRCC and a connected person of the Company
“CRCC Group”	CRCC and its subsidiaries (excluding the Group)
“CRCC International Group”	CRCC International Group Co., Ltd, (中國鐵建國際集團有限公司), a limited liability company incorporated in the PRC, a wholly-owned subsidiary of CRCC, our Shareholder and a connected person of the Company
“Director(s)”	the director(s) of the Company
“EGM”	the forthcoming extraordinary general meeting expected to be held by the Company in October 2020 to consider and, if appropriate, to approve, among other things, (i) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (ii) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder
“Financial Services Framework Agreement”	the financial services framework agreement dated 31 July 2020 between the Company and CRCC Finance to replace the Previous Financial Services Framework Agreement, pursuant to which CRCC Finance agrees to provide deposit services to the Group for the term commencing upon the conclusion of the EGM and ending on 31 December 2022
“Group”	the Company and its subsidiaries

“H Share(s)”	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS 16”	International Financial Reporting Standard 16 “Leases”
“Independent Board Committee”	the committee of Directors consisting of Mr. Sun Linfu, Mr. Yu Jiahe and Mr. Wong Hin Wing, who are independent non-executive Directors, which will be formed to advise (i) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (ii) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder
“Independent Financial Adviser”	Messis Capital Limited, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (ii) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder
“Independent Shareholders”	the Shareholders other than CRCC and its four wholly-owned subsidiaries, namely China Railway Construction Investment Group, CRCC International Group, China Civil Engineering Construction and CRCC China-Africa Company who will abstain from voting on the resolutions at the EGM with respect to (i) the Financial Services Framework Agreement, together with the proposed maximum daily balance of the deposits thereunder, and (ii) the Products and Services Procurement Framework Agreement, together with the proposed maximum transaction amounts thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC

“Previous Financial Services Framework Agreement”	the financial services framework agreement dated 9 December 2019 between the Company and CRCC Finance, pursuant to which CRCC Finance agreed to provide deposit services to the Group for the term commenced from 1 January 2020 and ending on 31 December 2020
“Previous Products and Services Procurement Framework Agreement”	the Product Sales and Paid Services Framework Agreement dated 31 July 2018 between the Company and CRCC, pursuant to which CRCC and/or its associates agreed to provide product sales and paid services to the Company and/or its subsidiaries for the term commenced from 1 January 2018 and ending on 31 December 2020
“Products and Services Procurement Framework Agreement”	the Products and Services Procurement Framework Agreement dated 31 July 2020 between the Company and CRCC, pursuant to which the Company and/or its subsidiaries agreed to procure products and services from CRCC and/or its associates, including: (i) materials and equipment required by the Company and/or its subsidiaries in their productions and sales; (ii) construction services; (iii) assets and equipment leasing services; (iv) railway line usage services; (v) maintenance services; and (vi) other paid services
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Kunming, the PRC, 31 July 2020

As at the date of this announcement, the Board comprises Mr. Liu Feixiang, Mr. Tong Pujiang and Mr. Chen Yongxiang, as executive Directors; Mr. Zhao Hui, Mr. Sha Mingyuan and Mr. Wu Zhixu, as non-executive Directors; and Mr. Sun Linfu, Mr. Yu Jiahe and Mr. Wong Hin Wing, as independent non-executive Directors.