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株洲中车时代电气股份有限公司
ZHUSHOU CRRC TIMES ELECTRIC CO., LTD.

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

(Stock Code: 3898)

ANNOUNCEMENT

- (1) PROPOSED ISSUE OF A SHARES AND LISTING
ON THE SCIENCE AND TECHNOLOGY INNOVATION BOARD;
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
(3) CONTINUING CONNECTED TRANSACTIONS; AND
(4) SUSPENSION IN DISCLOSURE OF THE UNAUDITED RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Hong Kong Listing Rules.

PROPOSED ISSUE OF A SHARES AND LISTING ON THE SCIENCE AND TECHNOLOGY INNOVATION BOARD

The Board is pleased to announce that, on 30 September 2020, the Board approved the resolutions in relation to, among others, the proposed issue of A Shares and listing on the Science and Technology Innovation Board by the Company.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to meet the requirements of the Issue of A Shares and further improve and standardise the Articles of Association, the Company proposed to make amendments to the prevailing Articles of Association in accordance with relevant requirements of laws, administrative rules and regulatory documents and combined with the Company's actual circumstances. The amended Articles of Association will take effect upon consideration and approval at a general meeting of the Company and completion of the issue and listing of A Shares. Upon the amended Articles of Association taking effect, the then prevailing Articles of Association will be repealed simultaneously. Prior to that, the Articles of Association currently in force will continue to be applicable.

The proposed amendments to the Articles of Association are subject to fulfilment of certain conditions, including approval from the Shareholders at the EGM and the Class Meetings by way of special resolution and approval from, registration or filing with relevant PRC government authorities. After the proposed amendments to the Articles of Association come into effect, the Company will go through all necessary filings with the Registrar of Companies in Hong Kong.

CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

In view of the prospective expiry of the 2019-20 CRRC Financial Services Framework Agreement on 30 December 2020, the Company and CRRC Finance propose to enter into the 2020-23 Financial Services Framework Agreement I, pursuant to which, CRRC Finance will agree to provide the Group with deposit services, loan services and other financial services subject to the terms and conditions provided therein.

Meanwhile, the Company and CRRC Hongkong Capital propose to enter into the 2021-23 Financial Services Framework Agreement II, pursuant to which, CRRC Hongkong Capital will agree to provide the Group with loan services and other financial services subject to the terms and conditions provided therein.

Implications under the Hong Kong Listing Rules

As at the date of this announcement, CRRCG directly and indirectly holds approximately 50.73% equity interest in CRRC in aggregate, and CRRC directly holds the entire equity interest in the Parent Company. The Parent Company is a controlling shareholder of the Company. As CRRC Finance is held as to 91.36% by CRRC and 8.64% by CRRCG, and CRRC Hongkong Capital is wholly-owned subsidiary of CRRC, they are each a connected person of the Company as defined under the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Financial Services Framework Agreements constitute continuing connected transactions of the Company.

Each of (i) the loan services to be provided by CRRC Finance to the Group under the 2020-23 Financial Services Framework Agreement I and (ii) the loan services to be provided by CRRC Hongkong Capital to the Group under the 2021-23 Financial Services Framework Agreement II will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services are provided on normal commercial terms which are similar to or even more favourable than those offered by independent third parties for comparable services in the PRC and Hong Kong, and no security over the assets of the Group will be granted in respect thereof, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, such loan services are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

All of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the proposed annual cap for other financial services under (i) the 2020-23 Financial Services Framework Agreement I and (ii) the 2021-23 Financial Services Framework Agreement II, whether alone or aggregated, are less than 0.1%.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for deposit services under the 2020-23 Financial Services Framework Agreement I, whether alone or aggregated with the proposed annual caps for other financial services under the 2020-23 Financial Services Framework Agreement I and the 2021-23 Financial Services Framework Agreement II, is more than 0.1% but are all less than 5%, the deposit services and other financial services to be provided by CRRC Finance to the Group and the other financial services to be provided by CRRC Hongkong Capital to the Group constitute non-exempt continuing connected transactions of the Company which are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company will disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.71 of the Hong Kong Listing Rules.

Implications under the SSE Sci-Tech Listing Rules

Under the SSE Sci-Tech Listing Rules, as CRRCG is the same indirect controlling shareholder of the Company, CRRC Finance and CRRC Hongkong Capital, each of CRRC Finance and CRRC Hongkong Capital is a related party of the Company. Therefore, the transactions contemplated under the 2020-23 Financial Services Framework Agreement I and the 2021-23 Financial Services Framework Agreement II both constitute related party transactions under the SSE Sci-Tech Listing Rules and are required to be approved at a general meeting of the Company.

SUSPENSION IN DISCLOSURE OF THE UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Given that the Company proposes to apply for the Issue of A Shares, to ensure the truthfulness, accuracy and completeness of information disclosure, the Company will not publish the unaudited results announcement of the Group for the nine months ended 30 September 2020 by the end of October 2020 in accordance with past practice. The Company will publish further announcement(s) on the financial results of the Group for the nine months ended 30 September 2020 in a timely manner in accordance with applicable regulatory requirements.

GENERAL

The Company will convene the EGM and the Class Meetings to seek Shareholders' approval regarding, among others, the Proposed Issue of A Shares, the proposed amendments to the Articles of Association and related matters. A circular containing information on, among others, the Proposed Issue of A Shares, the proposed amendments to the Articles of Association, other resolutions in relation to the Issue of A Shares and the transactions contemplated under the Financial Services Framework Agreements and the notices of the EGM and the Class Meetings, will be despatched to the Shareholders in due course.

Shareholders and potential investors of the Company should be aware that the Proposed Issue of A Shares is conditional upon, among others, approval from the Shareholders, the CSRC and the SSE and is subject to the market condition. Therefore, the Shareholders and potential investors of the Company should note that there is no assurance whether or when the Proposed Issue of A Shares will proceed and thus the Shareholders and potential investors of the Company are advised to exercise caution while dealing in the securities of the Company. Any person who is in any doubt about his/her position or as to the action to be taken is recommended to consult his/her professional adviser. The Company will disclose further details in relation to the Proposed Issue of A Shares as and when practicable.

1. INTRODUCTION

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Hong Kong Listing Rules.

2. PROPOSED ISSUE OF A SHARES AND LISTING ON THE SCIENCE AND TECHNOLOGY INNOVATION BOARD

The Board is pleased to announce that, on 30 September 2020, the Board approved the resolutions in relation to, among others, the proposed issue of A Shares and listing on the Science and Technology Innovation Board by the Company.

Details of the Proposed Issue of A Shares are set out below:

(i) Place of listing

The Science and Technology Innovation Board of the SSE.

(ii) Class of shares to be issued

Domestically-listed RMB ordinary shares (A Shares).

(iii) Nominal value of shares

RMB1.00 each.

(iv) Target subscribers

Price inquiry participants who meet the relevant qualification requirements of the regulatory authorities such as CSRC and natural persons, legal persons and other institutional investors who maintain A Shares securities account with the SSE (excluding those who have been prohibited by laws, regulations, rules and regulatory documents of the PRC).

If any of the above target subscribers of the Issue of A Shares is a related party of the Company (including “related party(ies)” under the SSE Sci-Tech Listing Rules and/or “connected person(s)” under the Hong Kong Listing Rules), the Company will take all reasonable steps to ensure that the subscribers of the A Shares comply with the relevant requirements of the regulatory authorities such as the CSRC and those under the listing rules of the place(s) where the shares of the Company are listed.

(v) Schedule of the issue and listing

The Company will proceed with the Issue at an appropriate time after the Issue is approved by the SSE and registered with the CSRC. The specific date for the Issue will be determined by the Board, if so authorised at a general meeting of the Company, upon approval by the SSE and registration with the CSRC.

(vi) Method of issue

A combination of off-line placement and on-line subscription with funds, or other methods of issue approved by the CSRC and the SSE.

(vii) Issue size

The number of shares to be issued under the Issue will not exceed 240,760,275 A Shares, being 17% of the total share capital of the Company upon completion of the Issue (before any exercise of the over-allotment option). If there is any ex-right event (such as bonus issue and conversion of capital reserve to share capital) prior to the Issue, the number of A Shares to be issued under the Issue will be adjusted accordingly.

The Issue will only involve issue of new Shares, and will not involve a public sale of Shares by existing Shareholders. The Company and the lead underwriter(s) can discuss on whether to exercise the over-allotment option and if so exercised, the number of additional A Shares to be issued will not exceed 15% of the total number of A Shares to be issued under the Issue.

The final issue size will be determined by the Board, if so authorised at a general meeting, after consultation with the lead underwriter(s) according to the actual situation and subject to the decision(s) of approval and/or registration consent of the regulatory authorities including the CSRC. Meanwhile, the issue size will be subject to the relevant requirements of the Hong Kong Listing Rules.

(viii) Pricing methodology

The issue price of the A Shares will be determined through price inquiry with securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign investors, private equity fund managers and other professional institutional investors registered with the Securities Association of China. The Company and the lead underwriter(s) may determine the issue price through initial price inquiry or by other pricing methodology then recognised by the CSRC or the SSE.

According to the relevant supervision and administration requirements on state-owned assets, the issue price of the Issue should not, in principle, be lower than the Company's latest net asset value per Share available when such issue price is determined. The Company should also comply with the relevant requirements under the Hong Kong Listing Rules in respect of the issue price of the Issue of A Shares.

(ix) Implementation of strategic placing upon issue

Strategic placing will be implemented upon the issue and listing of A Shares, and the total number of A Shares to be placed to strategic investors will not exceed 30% of the total number of A Shares to be issued under the Issue (excluding the A Shares to be issued upon the exercise of the over-allotment option). The target subscribers of the strategic placing include but are not limited to securities investment funds legally established and for specific investment purposes, related subsidiaries legally established by the sponsor(s) of the Company or other relevant subsidiaries legally established by the securities companies that actually control the sponsor(s), and specific asset management plan(s) established by the Company's senior management and core employees.

(x) Use of proceeds

Based on the actual condition of the Company, the proceeds raised from the Issue (after deducting the issue related expenses) will be used for rail transit traction network technology and system R&D application project, smart rail transit bureau and smart urban rail key technology and system R&D application project, new industry advanced technology R&D application project, new-type rail engineering machinery R&D manufacturing platform construction project, innovative experimental platform construction project and replenishment of working capital (the **"Projects to be Financed with Proceeds from the Issue"**). The Company may adjust the Projects to be Financed with Proceeds from the Issue in accordance with the implementation of the plan of the Issue, market conditions, policy adjustments and opinions from regulatory authorities.

Should the actual proceeds from the Issue be insufficient to cover the Projects to be Financed with Proceeds from the Issue, the Company will fill in such shortfalls with self-raised funds. Should the actual proceeds from the Issue exceed the aggregate capital requirements of the Projects to be Financed with Proceeds from the Issue, the Company will apply the surplus to the principal business of the Company after performing necessary procedures in accordance with relevant requirements. Before the proceeds from the Issue are in place, the Company may finance the above-mentioned projects with its own funds and/or bank borrowings based on the actual progress of the projects. After the proceeds are in place, the Company will replace the previously invested amount with such proceeds.

(xi) Method of underwriting

Standby commitment.

(xii) Validity period of resolutions in relation to the issue and listing

The resolutions in respect of the issue and listing of A Shares will be valid for a period of 12 months from the date of consideration and approval at a general meeting and class meeting(s) of the Company.

The above resolutions in relation to the Issue of A Shares are at the preliminary stage, and are subject to consideration and approval at a general meeting and class meeting(s) of the Company, approval by the SSE and filing with the CSRC to get through the registration procedures for issue.

These resolutions will be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolution.

2.1 OTHER RESOLUTIONS RELATING TO THE ISSUE OF A SHARES

The Board also approved other resolutions in relation to the Issue of A Shares, certain of which will be submitted at the forthcoming EGM and, if applicable, the Class Meetings for approval by the Shareholders.

Set out below are the details of other resolutions to be submitted to the EGM and the Class Meetings for consideration and approval:

(a) The resolution on the authorisation to the Board to fully deal with specific matters relating to the Issue of A Shares

According to the requirements in respect of the Company's application for the Issue of A Shares, the relevant laws, regulations, regulatory documents and listing rules of the place(s) where the shares of the Company are listed and combined with the actual circumstances of the Company, a resolution will be submitted to the Shareholders at a general meeting and class meeting(s) of the Company to authorise the Board and its authorised persons to fully deal with all the matters relating to the Issue of A Shares on behalf of the Company. The scope of authorisation will include without limitation:

- (i) drafting, amending, supplementing, signing, submitting, reporting, disclosing and executing agreement(s), contract(s), deed(s), declaration(s), undertaking(s), confirmation(s) or necessary documents related to the Issue of A Shares, including but not limited to letter of intent, prospectus, sponsoring agreement(s), underwriting agreement(s), listing agreement(s), various announcements, shareholder circular(s), notices(s), and various explanatory letters or letters of undertaking stipulated by regulatory agencies, etc.;

- (ii) engaging sponsor(s), underwriter(s), law firm(s), accounting firm(s) and other intermediaries for the purpose of the Issue of A Shares, executing engagement agreement(s) or appointment agreement(s), and determining and paying the relevant expenses for the Issue of A Shares;
- (iii) in accordance with the resolutions on the Issue of A Shares considered and approved at a general meeting and class meeting(s) of the Company, making corresponding adjustments to the specific resolutions on the Issue of A Shares according to the laws, regulations, regulatory documents, listing rules of the place(s) where the shares of the Company are listed, relevant stipulations and requirements (including the feedback from the review of the application for the Issue of A Shares) of the securities regulatory authorities and the actual circumstances, and being solely responsible for the specific implementation of the resolutions on the Issue of A Shares (including the suspension and termination of the implementation of the plan regarding the Issue), including but not limited to the determination of the specific final issue size, issue and listing schedule, pricing methodology, issue price, target subscribers and placing ratio and other matters related to the Issue of A Shares;
- (iv) in accordance with the resolutions on the Issue of A Shares considered and approved at a general meeting and class meeting(s) of the Company, handling the application and reporting matters for the Issue of A Shares, including but not limited to handling the approval, registration, filing, verification, registration, consent and listing procedures with the relevant government departments, the domestic and overseas regulatory authorities, the SSE and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, etc. for the purpose of the Issue of A Shares, and making timely information disclosure in accordance with relevant laws and regulations and the listing rules of the place(s) where the shares of the Company are listed; determining the specific account for proceeds raised from the Issue prior to the Issue of A Shares according to the needs of the Company, signing tripartite supervision agreement(s) for the proceeds raised, specially implementing the investment with proceeds upon completion of the Issue of A Shares, handling matters related to the use of proceeds (including but not limited to capital increase and provision of loans to users of the proceeds); issuing statement(s), undertaking(s) and confirmation(s) related to the Issue, and doing all such acts necessary, expedient or desirable for the purpose of the Issue;
- (v) within the scope of the resolutions on the resolution of the Issue of A Shares approved at a general meeting and class meeting(s) of the Company, adjusting the Projects to be Financed with Proceeds from the Issue, determining the specific plan for the use of proceeds and making corresponding adjustments according to the laws, regulations, regulatory documents, listing rules of the place(s) where the shares of the Company are listed and relevant requirements of the securities regulatory authorities (including the feedback from the review of the application for the Issue of A Shares) and actual circumstances and based on the actual progress and priorities of the Projects to be Financed with Proceeds from the Issue, as well as making timely information disclosure in accordance with relevant laws and regulations and the listing rules of the place(s) where the shares of the Company are listed;

- (vi) adjusting and modifying the Articles of Association, rules of procedures and other internal management policies of the Company as drafted or modified in accordance with the laws, regulations, regulatory documents, listing rules of the place(s) where the shares of the Company are listed and relevant regulations of the securities regulatory authorities in relation to the Issue of A Shares as considered and approved at a general meeting and class meeting(s) of the Company and by the Board, based on the changes in the laws, regulations, regulatory documents, listing rules of the place(s) where the shares of the Company are listed and the relevant provisions of the securities regulatory authorities, the requirements and suggestions of relevant domestic and overseas government and regulatory authorities and the actual circumstances, making timely information disclosure in accordance with relevant laws and regulations and the listing rules of the place(s) where the shares of the Company are listed; and making corresponding amendments to the provisions in the Articles of Association concerning the registered capital and shareholding structure of the Company, and handling the industrial and commercial registration and filing of change upon completion of the Issue of A Shares;
- (vii) for the purpose of the Issue of A Shares, communicating with relevant domestic and overseas regulatory authorities (such as the CSRC, the SSE, the Stock Exchange and other regulatory authorities) on behalf of the Company;
- (viii) to the extent permitted by laws, regulations, regulatory documents, listing rules of the place(s) where the shares of the Company are listed and the Articles of Association, handling other matters related to the Issue of A Shares on behalf of the Company;
- (ix) subject to the Board obtaining all of the above authorisations as set out in this resolution, delegating all such authorisations as set out in this resolution to Mr. Shang Jing, an executive Director, or Mr. Yan Wu, an executive Director, for him to exercise on behalf of the Company, except as otherwise provided in relevant laws, regulations, regulatory documents, listing rules of the place(s) where the shares of the Company are listed and the Articles of Association.
- (x) the above authorisations will be valid for a period of 12 months commencing from the date of consideration and approval at a general meeting and class meeting(s) of the Company.

This resolution will be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolution.

(b) **The resolution on the Projects to be Financed with Proceeds from the Issue of A Shares and feasibility analysis report**

The Company proposes to apply for the initial public issue and listing of A Shares on the Science and Technology Innovation Board. It is proposed that proceeds raised from the Issue (after deducting the issue related expenses) will be used for the following projects:

No.	Project name	Proposed investment amount from proceeds raised (RMB0'000)
1.	Rail transit traction network technology and system R&D application project	209,550
2.	Smart rail transit bureau and smart urban rail key technology and system R&D application project	107,083
3.	New industry advanced technology R&D application project	86,927
3.1	New energy vehicle electric drive system R&D application project	50,371
3.2	New sensor R&D application project	14,796
3.3	Industrial transmission device R&D application project	11,760
3.4	Deep-sea intelligent equipment R&D application project	10,000
4.	New-type rail engineering machinery R&D manufacturing platform construction project	80,000
4.1	New-type rail engineering machinery manufacturing platform construction project	50,000
4.2	New-type rail engineering machinery equipment R&D application project	30,000
5.	Innovative experimental platform construction project	93,100
6.	Replenishment of working capital	200,000
	Total	<u><u>776,660</u></u>

Should the actual proceeds from the Issue be insufficient to cover the Projects to be Financed with Proceeds from the Issue, the Company will fill in such shortfalls with self-raised funds. Should the actual proceeds from the Issue exceed the aggregate capital requirements of the Projects to be Financed with Proceeds from the Issue, the Company will apply the surplus to the principal business of the Company after performing necessary procedures in accordance with relevant requirements.

Before the proceeds from the Issue are in place, the Company may finance the above-mentioned projects with its own funds and/or bank borrowings based on the actual progress of the projects. After the proceeds are in place, the Company will replace the previously invested amount with such proceeds.

This resolution will be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolution.

(c) The resolution on the accumulated profit distribution plan prior to the Issue of A Shares

Before completion of the Issue, the Company may distribute profits according to the profit distribution plan formulated by the Board and approved at a general meeting of the Company.

After completion of the Issue, the undistributed profits of the Company accumulated prior to the completion of the Issue of A Shares will be shared by the new holders of the A Shares and the existing holders of H Shares and Domestic Shares upon completion of the Issue in proportion to their respective shareholdings in the total issued share capital of the Company upon completion of the Issue.

This resolution will be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolution.

(d) The resolution on the formulation of the plan for stabilisation of price of A Shares within three years after the Issue of A Shares

To protect the interest of investors and to further clarify the measures for stabilising the A Share price within three years after the Issue of A Shares, the Company has formulated the “Plan for Stabilisation of Price of A Shares Within Three Years after the Initial Public Issue of A Shares and Listing on the Science and Technology Innovation Board of Zhuzhou CRRC Times Electric Co., Ltd.”.

This resolution will take effect from consideration and approval at a general meeting and class meeting(s) of the Company as well as upon completion of the issue and listing of A Shares by the Company, for a term of three years. Pursuant to this resolution, within three years from the date of Issue of A Shares, save for circumstances caused by force majeure, in case that the daily closing prices of the A Shares for 20 consecutive trading days (excluding any trading day(s) on which trading in the A Shares of the Company has been suspended for the whole day) are lower than its latest audited net assets value per Share (in case of changes in net assets or total number of shares of the Company due to profit distribution, conversion of capital reserve into share capital, additional share issue, rights issue etc. after the latest audit reference date, the net asset value per Share will be adjusted accordingly), and the simultaneous satisfaction of the requirements of relevant laws, regulations and regulatory documents regarding actions of share repurchase and increase in shareholding, the measures for stabilising A Share price by the Company and relevant parties will be activated, which may include but not limited to the repurchase of the A Shares by the Company and increase of the shareholding in the A Shares by the controlling shareholders, the Directors (excluding Independent Non-executive Directors) and the senior management of the Company.

Authorisations will be sought at a general meeting and class meeting(s) of the Company for the Board and its authorised person, i.e. Mr. Shang Jing, an executive Director, or Mr. Yan Wu, an executive Director, to make adjustments to the said plan on behalf of the Company according to changes in laws, regulations, regulatory documents and relevant policies or opinions from the domestic and overseas regulatory authorities, and to sign and submit relevant information to the regulatory authorities of the place(s) where the shares of the Company are listed regarding the said plan as well as make information disclosure pursuant to the listing rules of the place(s) where the shares of the Company are listed.

This resolution will be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolution.

(e) The resolution on the dilution of immediate return by the Issue of A Shares and recovery measures

According to the requirements of relevant laws and regulations, the Company has analysed the impact arising from the dilution of immediate return by the Issues of A Shares and formulated specific recovery measures, regarding which undertakings are proposed to be made by relevant parties to ensure the practical implementation of such recovery measures.

Authorisations will be sought at a general meeting and class meeting(s) of the Company for the Board and its authorised person, i.e. Mr. Shang Jing, an executive Director, or Mr. Yan Wu, an executive Director, to make adjustments to this resolution and the undertakings on behalf of the Company according to changes in laws, regulations, regulatory documents and relevant policies or opinions from the domestic and overseas regulatory authorities.

This resolution will be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolution.

(f) The resolution on the three-year dividend distribution plan for Shareholders after the Issue of A Shares

According to the relevant laws and regulations and the Articles of Association applicable after the Issue of A Shares, combined with the Company's actual operation circumstances and future development strategies and with a view to further strengthen the awareness of Shareholders' return, the Company has formulated the "Three-year Dividend Distribution Plan for Shareholders After the Initial Public Issue of A Shares and Listing on the Science and Technology Innovation Board of Zhuzhou CRRC Times Electric Co., Ltd.".

The plan makes institutional arrangements on the distribution of dividend to the Shareholders for the three years after the Issue of A Shares. It provides, among other things, that where the conditions of distributing cash dividend are fulfilled, the cash dividend distributable each year will not be less than 20% of the realised and distributable profits for the year, and the cumulative cash dividend distributable every three years will not be less than 60% of the realised average distributable profits for the most recent three years.

Authorisations will be sought at a general meeting and class meeting(s) of the Company for the Board and its authorised person, i.e. Mr. Shang Jing, an executive Director, or Mr. Yan Wu, an executive Director, to supplement, fine-tune or adjust the analytical argument content set out in the said dividend distribution plan on behalf of the Company according to relevant requirements, policies or opinions of the CSRC or the stock exchange(s) of the listing place(s). However, if the analytical argument result will change substantially or will result in substantial change in the Company's dividend policy and dividend distribution plan, such changes should still be submitted to a general meeting for consideration and approval.

This resolution will be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolution.

(g) The resolution on the undertakings regarding the information disclosure in the prospectus for the Issue of A Shares

According to the requirements of relevant laws, regulations and regulatory documents, in order to apply for the Issue of A Shares, the Company proposes to issue three letters of undertakings, including the "Letter of Undertakings on the Truthfulness, Accuracy and Completeness of the Prospectus and Other Information Disclosure Materials for the Initial Public Issue of A Shares and Listing on the Science and Technology Innovation Board", "Letter of Undertakings on No Fraudulent Issue Regarding the Initial Public Issue of A Shares and Listing on the Science and Technology Innovation Board" and "Letter of Undertakings on the Restrictive Measures Regarding Undertakings Made for the Initial Public Issue of A Shares and Listing on the Science and Technology Innovation Board".

The letters of undertakings primarily focus on the undertakings to be made on (i) the truthfulness, accuracy and completeness of the prospectus and other information disclosure materials for the Issue of A Shares; (ii) no fraudulent issue regarding the Issue of A Shares; and (iii) the restrictive measures to be taken upon failure to perform the undertakings publicly made in the prospectus.

At a general meeting and class meeting(s) of the Company, approval on the undertakings to be made by the Company regarding the information disclosure for the Issue of A Shares will be sought, and authorisations will also be sought for the Board and its authorised person, i.e. Mr. Shang Jing, an executive Director, or Mr. Yan Wu, an executive Director, to make adjustments to the said undertakings or give new undertakings on behalf of the Company in accordance with the requirements of relevant laws, regulations and regulatory documents and the changes in relevant policies, or opinions from the regulatory authorities.

This resolution will be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolution.

(h) The resolution on the proposed amendments to the Articles of Association

In order to meet the requirements of the Issue of A Shares and further improve and standardise the Articles of Association, the Company proposed to make amendments to the prevailing Articles of Association in accordance with relevant requirements of laws, administrative rules and regulatory documents and combined with the Company's actual circumstances. The amended Articles of Association will take effect upon consideration and approval at a general meeting of the Company and completion of the issue and listing of A Shares. Upon the amended Articles of Association taking effect, the then prevailing Articles of Association will be repealed simultaneously. Prior to that, the Articles of Association currently in force will continue to be applicable.

The proposed amendments to the Articles of Association are subject to fulfilment of certain conditions, including approval from the Shareholders at the EGM and the Class Meetings by way of special resolution and approval from, registration or filing with relevant PRC government authorities. After the proposed amendments to the Articles of Association come into effect, the Company will go through all necessary filings with the Registrar of Companies in Hong Kong.

After taking into consideration of the above-mentioned factors, all Directors (including Independent Non-executive Directors) are of the opinion that the proposed amendments to the Articles of Association are in the interests of the Company and the Shareholders as a whole.

This resolution will be submitted to the EGM for consideration and approval by way of special resolution.

(i) The resolutions on the proposed amendments to certain rules of procedures of the Company

To meet the requirements of the Issue of A Shares, the Company proposed to make amendments to the prevailing Rules of Procedures for the General Meetings, Rules of Procedures for the Board of Directors and the Rules of Procedures for the Supervisory Committee according to the relevant requirements of laws, regulations, regulatory documents and the Articles of Association and combined with the Company's actual circumstances. The amended rules of procedures as mentioned above will take effect upon consideration and approval at a general meeting of the Company and completion of the issue and listing of A Shares. Upon such amended rules of procedures taking effect, the then prevailing rules of procedures will be repealed simultaneously. Prior to that, such rules of procedures currently in force will continue to be applicable.

The resolutions on the proposed amendments to each of these rules of procedures will be submitted to the EGM for consideration and approval by way of ordinary resolution.

(j) The resolution on the proposed formulation of the Terms of Reference of the Independent Non-executive Directors

To meet the requirements of the Issue of A Shares, the Company proposed to formulate the Terms of Reference of the Independent Non-executive Directors according to the relevant requirements of laws, regulations, regulatory documents and the Articles of Association and combined with the Company's actual circumstances. The Terms of Reference of the Independent Non-executive Directors will take effect upon consideration and approval at a general meeting of the Company and completion of the issue and listing of A Shares.

This resolution will be submitted to the EGM for consideration and approval by way of ordinary resolution.

(k) The resolutions on the proposed formulation of the internal control policies relating to the Issue of A Shares

To meet the requirements of the Issue of A Shares, the Company proposed to formulate certain internal control policies relating to the Issue of A Shares, including the "Management Policy for External Guarantees", the "Management Policy for Related Party Transactions", the "Management Policy for External Investments", the "Policy for Preventing the Controlling Shareholders, Actual Controllers and Related Parties from Appropriating Funds" and the "Management Policy for Funds Raised from A Shares" according to the relevant requirements of laws, regulations, regulatory documents and the Articles of Association and combined with the Company's actual circumstances.

These resolutions will be submitted to the EGM for consideration and approval by way of ordinary resolution.

(l) The resolution on the engagement of auditor for the Issue of A Shares

The Company intends to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's auditor for the Issue of A Shares.

Authorisation will be sought at the EGM for the Board to determine the final audit fees with reference to the market price and audit workload and enter into the relevant service agreement(s).

This resolution will be submitted to the EGM for consideration and approval by way of ordinary resolution.

2.2 REASONS FOR AND BENEFITS OF THE PROPOSED ISSUE OF A SHARES

The Directors consider that the issue of A Shares and listing on the Science and Technology Innovation Board will enable the Company to grasp the major opportunities presented by the capital market reform in the PRC, establish a long-term capital replenishment mechanism, build a diversified financing platform and enhance the Company's strength. The Issue of A Shares will provide funds for the Company to realise its future strategic development goals and meet the needs of the Company's core technology and business development, which will continue to inject momentum into the Company's long-term business development, consolidate business performance and improve the Company's overall value.

The Company considers that the issue of A Shares and listing on the Science and Technology Innovation Board would be beneficial to the Company and its Shareholders as a whole and is beneficial to strengthen the sustainable development of the Company.

2.3 INFORMATION ON THE GROUP

The Group is mainly engaged in the research and development, manufacturing and sale of rail transit equipment products, which primarily include on-board electrical systems and ground electrical devices, communication signal systems, power semiconductor devices and rail engineering machinery vehicles with a focus on traction converter systems of rail transit vehicles. Meanwhile, the Group also actively expands into industries other than rail transit and carries out business operations in the fields of industrial transmission, electric drive system of new energy vehicles and marine equipment.

2.4 EFFECTS OF THE ISSUE OF A SHARES ON SHAREHOLDING STRUCTURE OF THE COMPANY

Upon completion of the Issue of A Shares, all of the existing Domestic Shares will be converted into A Shares and listed on the Science and Technology Innovation Board.

Assuming that a total of 240,760,275 A Shares are to be issued (before any exercise of the over-allotment option), the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Issue of A Shares is as follows (assuming there is no other change in the share capital of the Company from the date of this announcement up to and including the date of completion of the Issue of A Shares):

	As at the date of this announcement		Immediately after the completion of the Issue of A Shares	
	<i>Number of shares</i>	<i>Approximate %</i>	<i>Number of shares</i>	<i>Approximate %</i>
Domestic Shares	628,147,237	53.44%	–	–
A Shares to be issued				
(1) New A Shares proposed to be issued	–	–	240,760,275	17.00%
(2) A Shares to be converted from existing Domestic Shares	–	–	628,147,237	44.35%
H Shares	<u>547,329,400</u>	<u>46.56%</u>	<u>547,329,400</u>	<u>38.65%</u>
Total	<u><u>1,175,476,637</u></u>	<u><u>100%</u></u>	<u><u>1,416,236,912</u></u>	<u><u>100%</u></u>

Note: The difference between the aggregation of the items and the total number (if any) is due to rounding.

Assuming a maximum of 240,760,275 A Shares are issued (before any exercise of the over-allotment option), the Company's public float (including H Shares and A Shares held by the public but excluding any Shares held by the Company's substantial shareholders, Directors, Supervisors, chief executive and their respective close associates) will be above 25% following the completion of the Proposed Issue of A Shares, and the Company will still be able to meet the minimum requirement on public float percentage under the Hong Kong Listing Rules. The Company will closely monitor its public float percentage (including H Shares and A Shares held by the public) to maintain the minimum percentage of listed securities as prescribed by Rule 8.08 of the Hong Kong Listing Rules at all times, including during the price stabilisation period for the newly issued A Shares, in public hands. The Company will continue to comply with the public float requirements under the Hong Kong Listing Rules.

2.5 FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

3. CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

3.1 2020-23 FINANCIAL SERVICES FRAMEWORK AGREEMENT I

(a) Background

References are made to the Company's announcements dated 29 December 2017, 28 December 2018 and 25 October 2019 regarding, among other things, the 2017-18 CRRC Financial Services Framework Agreement, 2018-19 CRRC Financial Services Framework Agreement and the 2019-20 CRRC Financial Services Framework Agreement, respectively.

In view of the prospective expiry of the 2019-20 CRRC Financial Services Framework Agreement on 30 December 2020, the Company and CRRC Finance propose to enter into the 2020-23 Financial Services Framework Agreement I, pursuant to which, CRRC Finance will agree to provide the Group with deposit services, loan services and other financial services subject to the terms and conditions provided therein.

(b) Principal terms of the 2020-23 Financial Services Framework Agreement I

The principal terms of the 2020-23 Financial Services Framework Agreement I are set out below:

(i) Parties

- (A) The Company; and
- (B) CRRC Finance

(ii) Term

A term of three years commencing from 31 December 2020 and ending on 30 December 2023 (the "Term I").

(iii) Material terms

Pursuant to the 2020-23 Financial Services Framework Agreement I, the services to be provided by CRRC Finance to the Group include deposit services, loan services and other financial services as described below.

CRRC Finance will ensure the stable operation of the capital management system to safeguard the funds and to control the asset and liability risks, so as to satisfy the payment needs of the Group.

The parties have agreed to enter into separate agreements for each service provided under the 2020-23 Financial Services Framework Agreement I and the terms of such agreements will be in compliance with the principle and terms stipulated in the 2020-23 Financial Services Framework Agreement I.

(iv) Pricing policy

Deposit services

The interest rate for the Group's deposits with CRRC Finance will not be lower than (i) the benchmark interest rate as stipulated by the PBOC for the same period and the same type of deposit; (ii) the interest rate of principal commercial banks in the PRC offered to each member of the CRRCG Group for the same type of deposit services; and (iii) the interest rate determined by CRRC Finance to absorb the same type of deposits of each member of the CRRCG Group.

The commercial terms (including fees and charges) of other daily transactions in respect of the deposits offered by CRRC Finance to the Group will not be less favourable than: (i) the terms offered by principal PRC commercial banks when providing similar services to the Group; and (ii) the terms offered by CRRC Finance to other members of CRRCG Group.

Loan services

The interest rate paid by the Group to CRRC Finance will comply with the loan prime rate (LPR) standard published by the National Interbank Funding Center as authorised by the PBOC and will not be higher than (i) the interest rate offered by principal PRC commercial banks to each member of the CRRCG Group for loans of the same period and same type; and (ii) the interest rate offered by CRRC Finance to other members of the CRRCG Group for loans of the same period and same type.

Other financial services

The fees charged by CRRC Finance for the provision of other financial services to the Group will comply with the charge standards published by the PBOC or CBIRC for such type of financial services and will not be higher than (i) the fees charged by principal commercial banks in the PRC for the same type of financial services; and (ii) the fees charged by CRRC Finance to other members of the CRRCG Group for the same type of financial services.

(d) **New Financial Services Caps I**

The Company estimates that the New Financial Caps I under the 2020-23 Financial Services Framework Agreement I will be as follows:

	31 December 2020	Year ending 31 December		1 January 2023 to 30 December 2023
		2021	2022	
		<i>(RMB million)</i>		
1. Maximum daily deposit balance (aggregating deposits denominated in Renminbi and foreign currencies, including any interest accrued thereon) to be placed by the Group with CRRC Finance	700	700	700	700
2. Maximum daily loan balance (aggregating loans denominated in Renminbi and foreign currencies, including any interest accrued thereon) to be granted by CRRC Finance to the Group	700	700	700	700
3. Fees charged annually by CRRC Finance to the Group for other financial services to be provided	1	10	10	10

Deposit services

The proposed annual cap for the deposit services, being the maximum daily deposit balance aggregating deposits denominated in Renminbi and foreign currencies (including any interest accrued thereon) with CRRC Finance, for the period commencing from 31 December 2020 and ending on 30 December 2023, is determined after taking into account: (a) the increasing total assets of the Group; (b) the fact that CRRC Finance is under the supervision of relevant competent financial authorities such as CBIRC and it has been maintaining good risk control, well-regulated management and settlement systems comparable with principal PRC commercial banks; and (c) the fact that the Company's cooperation with CRRC Finance will allow it to reduce financial charges, increase income from interest on deposits, and reduce settlement costs with good risk control.

Loan services

The proposed annual cap for the loan services, being the maximum daily loan balance aggregating loans denominated in Renminbi and foreign currencies (including any interest accrued thereon) with CRRC Finance, for the period commencing from 31 December 2020 and ending on 30 December 2023, is determined after taking into account: (a) the financial requirements and financing demands of the Group in future; and (b) cooperation between the Company and CRRC Finance is beneficial to expanding the financing channels of the Company and reducing financing costs and risks.

Other financial services

The other financial services which may be provided by CRRC Finance to the Group include but not limited to finance and financial advisory and consultation services, credit assurance and related consulting and agency services, assistance in the receipt and payment of transaction proceeds, providing guarantees, entrusted loans and entrusted investment, acceptance and discount of bills, intra-group transfer and settlement services, providing settlement solutions, finance leasing, spot and forward foreign exchange settlement and sale as well as spot and forward foreign exchange trading.

The proposed annual cap for other financial services, being the fees payable by the Group to CRRC Finance for the provision of other financial services, for the period commencing from 31 December 2020 and ending on 30 December 2023, is determined after taking into account: (a) the expected business development and demand for other financial services of the Group during the Term I; and (b) the historical fees paid by the Group for the provision of other financial services by CRRC Finance as shown in the section headed “Historical transaction records with CRRC Finance” above.

3.2 2021-23 FINANCIAL SERVICES FRAMEWORK AGREEMENT II

(a) Background

The Company and CRRC Hongkong Capital propose to enter into the 2021-23 Financial Services Framework Agreement II, pursuant to which, CRRC Hongkong Capital will agree to provide the Group with loan services and other financial services subject to the terms and conditions provided therein.

(b) Principal terms of the 2021-23 Financial Services Framework Agreement II

The principal terms of the 2021-23 Financial Services Framework Agreement II are set out below:

(i) Parties

- (A) The Company; and
- (B) CRRC Hongkong Capital

(ii) Term

A term of three years commencing from 1 January 2021 and ending on 31 December 2023 (the “**Term II**”).

(iii) Material terms

Pursuant to the 2021-23 Financial Services Framework Agreement II, the services to be provided by CRRC Hongkong Capital to the Group include loan services and other financial services as described below.

CRRC Hongkong Capital will ensure the stable operation of the fund management system to safeguard the funds and to control the asset and liability risks, so as to satisfy the payment needs of the Group.

The parties have agreed to enter into separate agreements for each service provided under the 2021-23 Financial Services Framework Agreement II and the terms of such agreements will be in compliance with the principle and terms stipulated in the 2021-23 Financial Services Framework Agreement II.

(iv) Pricing policy

Loan services

The interest rate for loans to be granted to the Group by CRRC Hongkong Capital will not be higher than (i) the Hong Kong interbank lending rate; and (ii) the interest rate charged by CRRC Hongkong Capital to other members of the CRRCG Group for loans of the same period and type.

Other financial services

The fees charged by CRRC Hongkong Capital for the provision of other financial services to the Group will not be higher than (i) the fees charged by other financial service institutions in Hong Kong for the same financial services; and (ii) the fees charged by CRRC Hongkong Capital to other members of the CRRCG Group for the same type of financial services.

(c) **New Financial Services Caps II**

The Company expects that the New Financial Services Caps II under the 2021-23 Financial Services Framework Agreement II will be as follows:

	Year ending 31 December		
	2021	2022	2023
	<i>(RMB million)</i>		
1. Maximum daily loan balance (aggregating loans denominated in Renminbi and foreign currencies, including any interest accrued thereon) to be granted by CRRC Hongkong Capital to the Group	600	600	600
2. Fees charged annually by CRRC Hongkong Capital to the Group for other financial services to be provided	10	10	10

Loan services

The proposed annual cap for the loan services, being the maximum daily loan balance (including any interest accrued thereon) with CRRC Hongkong Capital, for the period commencing from 1 January 2021 and ending on 31 December 2023, is determined after taking into account: (a) the financial requirements and financing demands of the Group in future; and (b) cooperation between the Company and CRRC Hongkong Capital is beneficial to expanding the financing channels of the Company and reducing financing costs and risks.

Other financial services

The other financial services which may be provided by CRRC Hongkong Capital to the Group will be within the business scope of CRRC Hongkong Capital and be approved by the financial regulatory authorities.

The proposed annual cap for other financial services, being the fees payable by the Group to CRRC Hongkong Capital for the provision of other financial services, for the period commencing from 1 January 2021 and ending on 31 December 2023, is determined after taking into account: (a) expected business development and demand for other financial services of the Group during the Term II; (b) the prevailing market charge standard of such other financial services; and (c) cooperation between the Company and CRRC Hongkong Capital will not prejudice the interests of the Company and the Shareholders.

3.3 INFORMATION ON CRRCG, CRRC FINANCE AND CRRC HONGKONG CAPITAL

(a) CRRCG

The principal scope of business of CRRCG is the authorised state-owned asset management and state-owned equity management, capital operation, investment and investment management, asset management and asset trust management; research and development, sale, leasing and technological services of transportation and urban infrastructure, new energy, energy conservation and environmental protection equipment; design, manufacture and repair of locomotive trains, urban railway transport trains, railway hoisting machinery, various mechanical and electrical equipment and parts, electronic equipment, environmental protection equipment and products; and import and export of goods, technology and agency.

(b) CRRC Finance

CRRC Finance is a non-banking financial institution established under the laws of the PRC in November 2012 with the approval of the CBIRC and is subject to the supervision of CBIRC. CRRC Finance is principally engaged in providing financial services including but not limited to deposit services, loan and entrusted loan services, discounting services and settlement services to the members of the CRRCG Group (and the Group as contemplated under the 2020-23 Financial Services Framework Agreement I).

(c) CRRC Hongkong Capital

CRRC Hongkong Capital is a non-banking financial institution incorporated in Hong Kong in August 2010. CRRC Hongkong Capital holds a valid money lenders licence under the Money Lenders Ordinance of Hong Kong (Chapter 163 of the Laws of Hong Kong) and is principally engaged in investment, finance leasing and providing financial services and finance services.

CRRC Hongkong Capital also holds 16,200,000 H Shares, representing 1.38% of the share capital of the Company as at the date of this announcement.

3.4 REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

Whilst both CRRC Finance and CRRC Hongkong Capital will be providing the Group with loan services and other financial services, they will be providing such services to onshore PRC members of the Group and offshore members of the Group, respectively.

Having considered that (1) the interest rates on loans and deposits offered by CRRC Finance to the Group will be no less favourable than those offered by other principal commercial banks in the PRC for the same period and same type; (2) CRRC Finance is regulated by the PBOC and CBIRC and provides its services in accordance with and in satisfaction of the rules and operational requirements of these relevant regulatory authorities; (3) the Group is expected to benefit from CRRC Finance's better understanding of operations of the Group which should allow expedient and efficient service provision (such as it is expected that CRRC Finance may be more efficient in approving the loans than other principal commercial banks in the PRC); and (4) pursuant to the relevant regulations of the PBOC and CBIRC, the customers of CRRC Finance include primarily entities within the CRRCG Group (including the Group), thereby reducing the risks that CRRC Finance may otherwise be exposed to if its customers included other entities not connected with CRRCG Group or the Group, the Directors consider that the 2020-23 Financial Services Framework Agreement I will provide a better utilisation of such surplus cash with acceptable levels of risk and an efficient management of loans, deposits and other financial services within the PRC for meeting the daily operation needs of the Group. The deposit transactions do not have any effect on the assets and liabilities of the Group. In addition, the interest earned out of the deposit transactions will provide satisfactory economic returns for the Group.

Similarly, having considered that (1) the interest rates on loans offered by CRRC Hongkong Capital to the Group will be no less favourable than the relevant Hong Kong interbank lending rate, (2) CRRC Hongkong Capital is a licensed money lender and is regulated by the Money Lenders Ordinance of Hong Kong; (3) the Group is expected to benefit from CRRC Hongkong Capital's better understanding of operations of the Group which should allow expedient and efficient service provision (such as it is expected that CRRC Hongkong Capital may be more efficient in approving the loans than other financial institutions in Hong Kong); and (4) pursuant to the relevant regulations of the PBOC and CBIRC, the customers of CRRC Hongkong Capital are limited to entities within the CRRCG Group (including the Group), thereby reducing the risks that CRRC Hongkong Capital may otherwise be exposed to if its customers included other entities not connected with CRRCG Group or the Group, the Directors consider that the 2021-23 Financial Services Framework Agreement II will provide a better utilisation of such surplus cash with acceptable levels of risk and an efficient management of loans and other financial services outside the PRC for meeting the daily operation needs of the Group.

Mr. Li Donglin, Mr. Liu Ke'an and Mr. Zhang Xinning have abstained from voting on the Board resolutions approving the Financial Services Framework Agreements due to conflict of interests. Save as mentioned above, none of the Directors has material interest in the Financial Services Framework Agreements and hence no other Director has abstained from voting on such Board resolutions.

The Directors (excluding Mr. Li Donglin, Mr. Liu Ke'an and Mr. Zhang Xinning but including the Independent Non-executive Directors) consider that the terms of the Financial Services Framework Agreements and the New Financial Services Caps are fair and reasonable and in the interest of the Company and its Shareholders as a whole. The Independent Non-executive Directors also consider that the transactions contemplated under the Financial Services Framework Agreements are conducted in the ordinary and usual course of business of the Group on normal commercial terms.

3.5 IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CRRCG directly and indirectly holds approximately 50.73% equity interest in CRRC in aggregate, and CRRC directly holds the entire equity interest in the Parent Company. The Parent Company is a controlling shareholder of the Company. As CRRC Finance is held as to 91.36% by CRRC and 8.64% by CRRCG, and CRRC Hongkong Capital is wholly-owned subsidiary of CRRC, they are each a connected person of the Company as defined under the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Financial Services Framework Agreements constitute continuing connected transactions of the Company.

Each of (i) the loan services to be provided by CRRC Finance to the Group under the 2020-23 Financial Services Framework Agreement I and (ii) the loan services to be provided by CRRC Hongkong Capital to the Group under the 2021-23 Financial Services Framework Agreement II will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services are provided on normal commercial terms which are similar to or even more favourable than those offered by independent third parties for comparable services in the PRC and Hong Kong, and no security over the assets of the Group will be granted in respect thereof, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, such loan services are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

All of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the proposed annual cap for other financial services under (i) the 2020-23 Financial Services Framework Agreement I and (ii) the 2021-23 Financial Services Framework Agreement II, whether alone or aggregated, are less than 0.1%.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for deposit services under the 2020-23 Financial Services Framework Agreement I, whether alone or aggregated with the proposed annual caps for other financial services under the 2020-23 Financial Services Framework Agreement I and the 2021-23 Financial Services Framework Agreement II, is more than 0.1% but are all less than 5%, the deposit services and other financial services to be provided by CRRC Finance to the Group and the other financial services to be provided by CRRC Hongkong Capital to the Group constitute non-exempt continuing connected transactions of the Company which are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Company will disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.71 of the Hong Kong Listing Rules.

3.6 IMPLICATIONS UNDER THE SSE SCI-TECH LISTING RULES

Under the SSE Sci-Tech Listing Rules, as CRRCG is the same indirect controlling shareholder of the Company, CRRC Finance and CRRC Hongkong Capital, each of CRRC Finance and CRRC Hongkong Capital is a related party of the Company. Therefore, the transactions contemplated under the 2020-23 Financial Services Framework Agreement I and the 2021-23 Financial Services Framework Agreement II both constitute related party transactions under the SSE Sci-Tech Listing Rules and are required to be approved at a general meeting of the Company.

Each of the Financial Services Framework Agreements will be submitted to the EGM for consideration and approval by way of ordinary resolution.

4. SUSPENSION IN DISCLOSURE OF THE UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Given that the Company proposes to apply for the Issue of A Shares, to ensure the truthfulness, accuracy and completeness of information disclosure, the Company will not publish the unaudited results announcement of the Group for the nine months ended 30 September 2020 by the end of October 2020 in accordance with past practice. The Company will publish further announcement(s) on the financial results of the Group for the nine months ended 30 September 2020 in a timely manner in accordance with applicable regulatory requirements.

5. GENERAL

The Company will convene the EGM and the Class Meetings to seek the Shareholders' approval on, among others, the following resolutions:

- (a) to consider and approve the application for the Issue of A Shares (each being a separate resolution):
 - (i) Place of listing;
 - (ii) Class of shares to be issued;
 - (iii) Nominal value of shares;
 - (iv) Target subscribers;
 - (v) Schedule of the issue and listing;
 - (vi) Method of issue;
 - (vii) Issue size;
 - (viii) Pricing methodology;
 - (ix) Implementation of strategic placing upon issue;

- (x) Use of proceeds;
 - (xi) Method of underwriting; and
 - (xii) Validity period of resolutions in relation to the issue and listing.
- (b) To consider and approve the authorisation to the Board to fully deal with specific matters relating to the Issue of A Shares.
 - (c) To consider and approve the Projects to be Financed with Proceeds from the Issue of A Shares and feasibility analysis report.
 - (d) To consider and approve the accumulated profit distribution plan prior to the Issue of A Shares.
 - (e) To consider and approve the formulation of the plan for stabilisation of price of A Shares within three years after the Issue of A Shares.
 - (f) To consider and approve the dilution of immediate return by the Issue of A Shares and recovery measures.
 - (g) To consider and approve the three-year dividend distribution plan for Shareholders after the Issue of A Shares.
 - (h) To consider and approve the undertakings regarding the information disclosure in the prospectus for the Issue of A Shares.
 - (i) To consider and approve the proposed amendments to the Articles of Association for the purpose of the Issue of A Shares.
 - (j) To consider and approve the Rules of Procedures for the General Meetings applicable after the Issue of A Shares.
 - (k) To consider and approve the Rules of Procedures for the Board of Directors applicable after the Issue of A Shares.
 - (l) To consider and approve the Rules of Procedures for the Supervisory Committee applicable after the Issue of A Shares.
 - (m) To consider and approve the formulation of the Terms of Reference of the Independent Non-executive Directors.

- (n) To consider and approve the formulation of the internal control policies relating to the Issue of A Shares:
 - (i) “Management Policy for External Guarantees”;
 - (ii) “Management Policy for Related Party Transactions”;
 - (iii) “Management Policy for External Investments”;
 - (iv) “Policy for Preventing the Controlling Shareholders, Actual Controllers and Related Parties from Appropriating Funds”; and
 - (v) “Management Policy for Funds Raised from A Shares”.
- (o) To consider and approve the engagement of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company’s auditor for the issue and listing of A Shares, and authorise the Board to determine the final audit fees with reference to the market price and audit workload and enter into the relevant service agreement(s).
- (p) To consider and approve the transactions contemplated under the 2020-23 Financial Services Framework Agreement I proposed to be entered into between the Company and CRRC Finance.
- (q) To consider and approve the transactions contemplated under the 2021-23 Financial Services Framework Agreement II proposed to be entered into between the Company and CRRC Hongkong Capital.
- (r) To consider and approve the re-election of Mr. Shang Jing as an executive Director.

A circular containing information on, among other things, the above matters, as well as the notices of the EGM and the Class Meetings will be despatched to the Shareholders in due course.

Shareholders and potential investors of the Company should be aware that the Proposed Issue of A Shares is conditional upon, among others, approval from the Shareholders, the CSRC and the SSE and is subject to the market condition. Therefore, the Shareholders and potential investors of the Company should note that there is no assurance whether or when the Proposed Issue of A Shares will proceed and thus the Shareholders and potential investors of the Company are advised to exercise caution while dealing in the securities of the Company. Any person who is in any doubt about his/her position or as to the action to be taken is recommended to consult his/her professional adviser. The Company will disclose further details in relation to the Proposed Issue of A Shares as and when practicable.

DEFINITIONS

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

“2017-18 CRRC Financial Services Framework Agreement”	a financial services framework agreement entered into between CRRC Finance and the Company on 29 December 2017 for a term commencing from 31 December 2017 to 30 December 2018. Please refer to the announcement of the Company dated 29 December 2017 for further details of the 2017-18 CRRC Financial Services Framework Agreement
“2018-19 CRRC Financial Services Framework Agreement”	a financial services framework agreement entered into between CRRC Finance and the Company on 28 December 2018 for a term commencing from 31 December 2018 to 30 December 2019. Please refer to the announcement of the Company dated 28 December 2018 for further details of the 2018-19 CRRC Financial Services Framework Agreement
“2019-20 CRRC Financial Services Framework Agreement”	a financial services framework agreement entered into between CRRC Finance and the Company on 25 October 2019 for a term commencing from 31 December 2019 to 30 December 2020. Please refer to the announcement of the Company dated 25 October 2019 for further details of the 2019-20 CRRC Financial Services Framework Agreement
“2020-23 Financial Services Framework Agreement I”	a financial services framework agreement proposed to be entered into between CRRC Finance and the Company for a term commencing from 31 December 2020 to 30 December 2023
“2021-23 Financial Services Framework Agreement II”	a financial services framework agreement proposed to be entered into between CRRC Hongkong Capital and the Company for a term commencing from 1 January 2021 to 31 December 2023
“A Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company proposed to be allotted, issued and listed on the Science and Technology Innovation Board
“Articles of Association”	the articles of association of the Company, as amended from time to time
“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)
“Class Meetings”	the Class Meeting of Holders of H Shares and the Class Meeting of Holders of Domestic Shares to be held

“Class Meeting of Holders of Domestic Shares”	The first class meeting of holders of Domestic Shares of 2020 of the Company to be held, the notice of which will be despatched to the holders of the Domestic Shares in due course
“Class Meeting of Holders of H Shares ”	the first class meeting of holders of H Shares of 2020 of the Company to be held, the notice of which will be despatched to the holders of the H Shares in due course
“Company”	Zhuzhou CRRC Times Electric Co., Ltd. (株 洲 中 車 時 代 電 氣 股 份 有 限 公 司), a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CRRC”	CRRC Corporation Limited (中 國 中 車 股 份 有 限 公 司), a joint stock company established in the PRC with limited liability, the A shares and the H shares of which are listed on the SSE and the Stock Exchange respectively; CRRC is directly and indirectly held as to approximately 50.73% in aggregate by CRRCG and holds the entire equity interest in the Parent Company
“CRRC Hongkong Capital”	CRRC Hongkong Capital Management Co., Limited (中 國 中 車 香 港 資 本 管 理 有 限 公 司), a company incorporated in Hong Kong
“CRRC Finance”	CRRC Finance Co., Ltd. (中 車 財 務 有 限 公 司), a company established under the laws of the PRC with limited liability
“CRRCG”	CRRC Group Co., Ltd. (中 國 中 車 集 團 有 限 公 司), a wholly state-owned enterprise of the PRC and the controlling shareholder of CRRC
“CRRCG Group”	CRRCG and its subsidiaries (excluding the Group)
“CSRC”	China Securities Regulatory Commission (中 國 證 券 監 督 管 理 委 員 會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and paid up in RMB
“EGM”	the first extraordinary general meeting of the Company of 2020 to be held, the notice of which will be despatched to the Shareholders in due course

“Financial Services Framework Agreements”	collectively, the 2020-23 Financial Services Framework Agreement I and the 2021-23 Financial Services Framework Agreement II
“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 Stock Exchange and are subscribed for and traded in HK\$
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Independent Non-executive Director(s)”	the independent non-executive Director(s) of the Company
“Independent Third Party(ies)”	parties who are independent of, and not connected with, the Company or any of its connected persons
“New Financial Services Caps”	New Financial Services Caps I and New Financial Services Caps II
“New Financial Services Caps I”	the maximum annual caps for the deposit services, loan services and other financial services under the 2020-23 Financial Services Framework Agreement I
“New Financial Services Caps II”	the maximum annual caps for the loan services and other financial services under the 2021-23 Financial Services Framework Agreement II
“Parent Company”	中車株洲電力機車研究所有限公司 (CRRC Zhuzhou Institute Co., Ltd.), a company established under the laws of the PRC with limited liability, the controlling shareholder of the Company, and a wholly-owned subsidiary of CRRC
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the regions of Hong Kong, Macao Special Administrative Region and Taiwan
“Proposed Issue of A Shares”, “Issue of A Shares” or “Issue”	the proposed initial public issue of not more than 240,760,275 A Shares (excluding the A Shares to be issued upon exercise of the over-allotment option, if exercised), which will be listed on the Science and Technology Innovation Board

“related party transaction(s)”	has the meaning ascribed to it under the SSE Sci-Tech Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedures for the Board of Directors”	the Rules of Procedures for the Board of Directors of the Company, as amended from time to time
“Rules of Procedures for the General Meetings”	the Rules of Procedures for the General Meetings of the Company, as amended from time to time
“Rules of Procedures for the Supervisory Committee”	the Rules of Procedures for the Supervisory Committee of the Company, as amended from time to time
“Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, comprising the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“SSE”	the Shanghai Stock Exchange
“SSE Sci-Tech Listing Rules”	Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the SSE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Terms of Reference of the Independent Non-executive Directors”	the Terms of Reference of the Independent Non-executive Directors of the Company, as amended from time to time
“%”	per cent.

By order of the Board
Li Donglin
Chairman

Zhuzhou, the PRC, 30 September 2020

As at the date of this announcement, our chairman of the Board and executive Director is Li Donglin, our vice chairman of the Board and executive Director is Liu Ke’an, our other executive Directors are Shang Jing and Yan Wu, our non-executive Director is Zhang Xinling, and our Independent Non-executive Directors are Chan Kam Wing, Clement, Pao Ping Wing, Liu Chunru, Chen Xiaoming and Gao Feng.