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**中國中車股份有限公司**  
**CRRC CORPORATION LIMITED**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1766)**

**ANNOUNCEMENT ON CONNECTED TRANSACTIONS**  
**(1) ENTERING INTO OF THE ENTRUSTMENT AGREEMENT AND**  
**THE CREDITOR'S RIGHTS TRANSFER AGREEMENT; AND**  
**(2) PROVISION OF THE PERFORMANCE GUARANTEE AND**  
**ENTERING INTO OF THE COUNTER GUARANTEE AGREEMENT**

The Board announces that, on 18 July 2021, Zhuzhou Locomotive (a wholly-owned subsidiary of the Company) entered into the Entrustment Agreement with Zhuzhou Locomotive Industrial (a wholly-owned subsidiary of CRRC GROUP) in respect of 100% equity interest of the Target Company, and entered into the Creditor's Rights Transfer Agreement with Zhuzhou Locomotive Industrial in respect of the Creditor's Rights of the Target Group. Upon the effective date of the Entrustment Agreement, the Target Company will cease to be consolidated in the consolidated financial statements of the Company and the Target Company will cease to be a subsidiary of the Company. Zhuzhou Locomotive has provided and will continue to provide performance guarantee for the Target Group upon the effective date of the Entrustment Agreement. In this regard, Zhuzhou Locomotive entered into the Counter Guarantee Agreement with CRRC GROUP on 18 July 2021.

**ENTRUSTMENT AGREEMENT**

On 18 July 2021, Zhuzhou Locomotive entered into the Entrustment Agreement with Zhuzhou Locomotive Industrial, pursuant to which Zhuzhou Locomotive has agreed to entrust Zhuzhou Locomotive Industrial and Zhuzhou Locomotive Industrial has agreed to accept the entrustment for managing 100% equity interest of the Target Company held by Zhuzhou Locomotive, for a long-effective term from the effective date of the Entrustment Agreement. The pricing basis for the transaction is RMB171,896,821.56, and the final transaction price will be adjusted according to the increase or decrease in the amount of equity attributable to the owners of the parent company as shown in the financial statements of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises for the period from 31 December 2020 (exclusive) to the effective date of the Entrustment Agreement. The consideration shall be paid in full by Zhuzhou Locomotive Industrial to Zhuzhou Locomotive within 10 business days from the date of signing of the Entrustment Agreement. Upon the effective date of the Entrustment Agreement, the Target Company will cease to be consolidated in the consolidated financial statements of the Company and the Target Company will cease to be a subsidiary of the Company.

## **CREDITOR'S RIGHTS TRANSFER AGREEMENT**

The Board announces that, on 18 July 2021, Zhuzhou Locomotive and Zhuzhou Locomotive Industrial entered into the Creditor's Rights Transfer Agreement, pursuant to which Zhuzhou Locomotive has agreed to transfer and Zhuzhou Locomotive Industrial has agreed to acquire the Creditor's Rights of the Target Group.

## **PROVISION OF THE PERFORMANCE GUARANTEE AND ENTERING INTO OF THE COUNTER GUARANTEE AGREEMENT**

Prior to the date of this announcement, in respect of the performance obligations of the Target Group under the Locomotive Supply Contracts, Zhuzhou Locomotive had applied to BOC and CCBC respectively for the issuance of advance payment guarantees and had provided the parent guarantee. Accordingly, Zhuzhou Locomotive has provided and will continue to provide the performance guarantee for the Target Group upon the effective date of the Entrustment Agreement. On 18 July 2021, Zhuzhou Locomotive and CRRC GROUP entered into the Counter Guarantee Agreement, pursuant to which, CRRC GROUP will provide the Counter Guarantee for the obligations of Zhuzhou Locomotive under the Guarantees.

## **IMPLICATIONS OF THE HONG KONG LISTING RULES**

As at the date of this announcement, CRRC GROUP is the controlling Shareholder of the Company directly holding 51.35% of the shares of the Company, and is thus a connected person of the Company under the Hong Kong Listing Rules. Zhuzhou Locomotive is a wholly-owned subsidiary of the Company and Zhuzhou Locomotive Industrial is a wholly-owned subsidiary of CRRC GROUP. Accordingly, the entering into of the Entrustment Agreement and the Creditor's Rights Transfer Agreement between Zhuzhou Locomotive and Zhuzhou Locomotive Industrial constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the Entrustment Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent shareholders' approval requirement. As the highest applicable percentage ratio in respect of the transaction under the Creditor's Rights Transfer Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent shareholders' approval requirement.

Upon the effective date of the Entrustment Agreement, the Target Company will become a subsidiary of CRRC GROUP. Therefore, the Target Company will become a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. The Provision of the Performance Guarantee by Zhuzhou Locomotive to the Target Group constitutes the financial assistance provided by the Company to its connected person, therefore, the Guarantees and the transactions thereunder will become continuing connected transactions of the Company. Pursuant to Rule 14A.60 of the Hong Kong Listing Rules, the continuing connected transactions of the Company under the Guarantees are subject to the annual review and disclosure requirements including publishing an announcement and annual reporting under Chapter 14A of the Hong Kong Listing Rules. When renewing and revising the terms of the Guarantees, the Company shall comply with all the requirements for connected transactions under Chapter 14A of the Hong Kong Listing Rules.

The provision of the Counter Guarantee by CRRC GROUP to Zhuzhou Locomotive under the Counter Guarantee Agreement constitutes the financial assistance provided by a connected person of the Company. As the Counter Guarantee will be provided on normal commercial terms and will not be secured by the Group's assets, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the Counter Guarantee is fully exempt from the reporting, annual review, announcement and independent shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules.

## **I. INTRODUCTION**

The Board announces that, on 18 July 2021, Zhuzhou Locomotive (a wholly-owned subsidiary of the Company) entered into the Entrustment Agreement with Zhuzhou Locomotive Industrial (a wholly-owned subsidiary of CRRC GROUP) in respect of 100% equity interest of the Target Company, and entered into the Creditor's Rights Transfer Agreement with Zhuzhou Locomotive Industrial in respect of the Creditor's Rights of the Target Group. Upon the effective date of the Entrustment Agreement, the Target Company will cease to be consolidated in the consolidated financial statements of the Company and the Target Company will cease to be a subsidiary of the Company. Zhuzhou Locomotive has provided and will continue to provide performance guarantee for the Target Group upon the effective date of the Entrustment Agreement. In this regard, Zhuzhou Locomotive entered into the Counter Guarantee Agreement with CRRC GROUP on 18 July 2021.

## **II. ENTRUSTMENT AGREEMENT**

On 18 July 2021, Zhuzhou Locomotive entered into the Entrustment Agreement with Zhuzhou Locomotive Industrial, pursuant to which, Zhuzhou Locomotive has agreed to entrust Zhuzhou Locomotive Industrial and Zhuzhou Locomotive Industrial has agreed to accept the entrustment for managing the 100% equity interest of the Target Company held by Zhuzhou Locomotive. Upon the effective date of the Entrustment Agreement, the Target Company will cease to be consolidated in the consolidated financial statements of the Company and the Target Company will cease to be a subsidiary of the Company.

## **PRINCIPAL TERMS OF THE ENTRUSTMENT AGREEMENT**

The principal terms of the Entrustment Agreement are set out below:

### ***Date***

18 July 2021

### ***Parties***

- (1) Zhuzhou Locomotive, as the entruster; and
- (2) Zhuzhou Locomotive Industrial, as the entrustee.

### ***Subject Matter***

Pursuant to the Entrustment Agreement, Zhuzhou Locomotive has agreed to entrust Zhuzhou Locomotive Industrial and Zhuzhou Locomotive Industrial has agreed to accept the entrustment for managing the 100% equity interest of the Target Company held by Zhuzhou Locomotive. During the entrustment term, Zhuzhou Locomotive shall entrust Zhuzhou Locomotive Industrial to exercise all shareholder's rights of the Target Company, including but not limited to: the right to participate in decision making of major operations, financing, investments and asset disposals matters, etc., the right to designate or appoint directors, supervisors, senior managers and essential employees, the right of access to information, dividend rights and voting rights. During the entrustment term, Zhuzhou Locomotive Industrial will be solely responsible for the operation and financial management of the Target Company, including but not limited to applying various management systems applicable to the management of subsidiaries of Zhuzhou Locomotive Industrial to manage the Target Company, in terms of organizational structure, business plans, human resources, performance evaluation, financial and business matters, risk management, asset acquisition and disposal, etc. During the entrustment term, unless as specified in the Entrustment Agreement, Zhuzhou Locomotive and/or Zhuzhou Locomotive Industrial shall not revoke or terminate the entrustment matters and scope of authority under the Entrustment Agreement.

Upon the effective date of the Entrustment Agreement, Zhuzhou Locomotive shall waive all operating gains or operating losses related to the equity interest of the Target Company and all operating decision-making rights. During the entrustment term, all operating gains or operating losses of the Target Company shall be enjoyed or borne by Zhuzhou Locomotive Industrial, and the reward and risk of the overall value change of the equity interest of the Target Company shall also be enjoyed or borne by Zhuzhou Locomotive Industrial. The Creditor's Rights of the Target Group between the Group (excluding the Target Group) and the Target Group will be transferred to Zhuzhou Locomotive Industrial from the effective date of the Entrustment Agreement. For details, please refer to the section headed "III. Creditor's Rights Transfer Agreement" as set out below. Save as the aforementioned creditor's rights transfer, the creditor's rights and debts in relation to the Target Group will continue to be enjoyed or borne by the Target Group in accordance with relevant agreements.

Upon the effective date of the Entrustment Agreement, in respect of the guarantee or potential guarantee obligations in any form provided by Zhuzhou Locomotive for the Target Group, including but not limited to any guarantee agreement and project performance guarantee, CRRC GROUP will provide guarantee for Zhuzhou Locomotive in full in the form of a counter guarantee. For details, please refer to the section headed "IV. Provision of the Performance Guarantee and Entering into of the Counter Guarantee Agreement" as set out below.

### ***Consideration***

Pursuant to the Entrustment Agreement, after friendly negotiation between both parties, the pricing basis for this transaction was determined to be RMB171,896,821.56, which is the equity attributable to owners of the parent company as shown in the financial statements of the Target Company as at 31 December 2020 prepared in accordance with the PRC Accounting Standards for Business Enterprises. The final transaction price will be adjusted according to the increase or decrease in the amount of equity attributable to the owners of the parent company as shown in the financial statements of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises for the period from 31 December 2020 (exclusive) to the effective date of the Entrustment Agreement. The consideration shall be paid in full by Zhuzhou Locomotive Industrial to Zhuzhou Locomotive within 10 business days from the date of signing of the Entrustment Agreement.

### ***Entrustment Term***

Pursuant to the Entrustment Agreement, the entrustment term shall be long-term effective from the effective date of the Entrustment Agreement. The entrustment under the Entrustment Agreement shall terminate upon the transfer of the equity interest in the Target Company from Zhuzhou Locomotive to Zhuzhou Locomotive Industrial. During the entrustment term, Zhuzhou Locomotive shall not transfer its equity interest in the Target Company in any form to any parties other than Zhuzhou Locomotive Industrial.

### ***Effectiveness of the Entrustment Agreement***

The Entrustment Agreement shall become effective upon signing by the legal representatives or authorized representatives of both parties, affixing of their respective official seal and completion of their respective internal effective decision-making procedures.

### ***Subsequent Transfer***

Subject to the satisfaction of applicable conditions, Zhuzhou Locomotive will directly transfer, and Zhuzhou Locomotive Industrial will directly acquire 100% of the equity interest in the Target Company without further negotiation, additional consideration to be paid or received or further adjustment to the transaction price.

### **Information on the Target Company**

The Target Company is a company incorporated in Pretoria, South Africa with limited liability in June 2012 with a registered capital of RMB3.01 million and its domicile was subsequently changed to Johannesburg. It is principally engaged in the supply of locomotives and locomotive parts. Prior to the effective date of the Entrustment Agreement, the Target Company was an indirect wholly-owned subsidiary of the Company.

As at 31 December 2020, the book value of the unaudited consolidated net assets of the Target Company was RMB230.15 million, and the equity attributable to owners of the parent company was RMB171,896,821.56.

According to the PRC Accounting Standards for Business Enterprises, the consolidated net profit attributable to the Target Company for the financial years ended 31 December 2019 and 31 December 2020 are set out below:

*Unit: RMB'0000*

	<b>Financial year ended 31 December 2019 (unaudited)</b>	<b>Financial year ended 31 December 2020 (unaudited)</b>
Net profit before taxation and extraordinary items	13,095	7,999
Net profit after taxation and extraordinary items	9,315	5,758

## **Reasons for and Benefits of Entering into of the Entrustment Agreement**

The Target Group is principally engaged in the supply of locomotives and locomotive parts under the Locomotive Supply Contracts and has no intention to engage in further business other than the aforementioned project supply. Considering the changes in the local market and business environment in South Africa, the operation of the Target Group is subject to certain risks and uncertainties. Through the entrustment arrangement, the Group can avoid its exposure to the relevant risks of the Target Group, which is conducive to enhancing the operating benefits of the Group and protecting the interests of the Shareholders of the Company, in particular its minority Shareholders.

The proceeds from the transaction under the Entrustment Agreement will be used for replenishing the working capital of Zhuzhou Locomotive for production and operation.

Pursuant to the Entrustment Agreement, the final transaction price will be adjusted according to the increase or decrease in the amount of equity attributable to the owners of the parent company as shown in the financial statements of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises for the period from 31 December 2020 (exclusive) to the effective date of the Entrustment Agreement. Accordingly, no expected gain or loss will be actually accrued to the Company as a result of the transaction under the Entrustment Agreement.

All the Directors (including all the independent non-executive Directors) are of the view that the Entrustment Agreement and the transactions thereunder are on normal commercial terms and the relevant terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **III. CREDITOR'S RIGHTS TRANSFER AGREEMENT**

The Board announces that, on 18 July 2021, Zhuzhou Locomotive and Zhuzhou Locomotive Industrial entered into the Creditor's Rights Transfer Agreement, pursuant to which Zhuzhou Locomotive has agreed to transfer and Zhuzhou Locomotive Industrial has agreed to acquire the Creditor's Rights of the Target Group.

The principal terms of the Creditor's Rights Transfer Agreement are set out below:

#### ***Date***

18 July 2021

## ***Parties***

- (1) Zhuzhou Locomotive, as the transferor; and
- (2) Zhuzhou Locomotive Industrial, as the transferee.

## ***Subject Matter***

Pursuant to the Creditor's Rights Transfer Agreement, Zhuzhou Locomotive agreed to transfer and Zhuzhou Locomotive Industrial agreed to acquire the Creditor's Rights of the Target Group which are accrued and enjoyed by Zhuzhou Locomotive as at the date of signing of the Creditor's Rights Transfer Agreement in the total amount of RMB3,089,252,581.55.

## ***Consideration***

Zhuzhou Locomotive Industrial shall make a one-off payment of RMB3,089,252,581.55 to the designated bank account of Zhuzhou Locomotive within 10 business days after the effective date of the Creditor's Rights Transfer Agreement. The above creditor's rights are account receivables of the Group (excluding the Target Group) accrued from the Target Group in the ordinary course of business, and the amount represents the book balance of such receivables as at the date of signing of the Creditor's Rights Transfer Agreement.

## ***Effectiveness of the Creditor's Rights Transfer Agreement***

The Creditor's Rights Transfer Agreement shall become effective upon signing by the legal representatives or authorized representatives of both parties, affixing of their respective official seal and completion of their respective internal effective decision-making procedures.

## **Reasons for and Benefits of Entering into of the Creditor's Rights Transfer Agreement**

In order to avoid the possible capital appropriation by related parties arising from the entrustment of 100% equity interest in the Target Company, Zhuzhou Locomotive transferred the Creditor's Rights of the Target Group to Zhuzhou Locomotive Industrial to achieve the early recovery of account receivables.

All the Directors (including all the independent non-executive Directors) are of the view that the Creditor's Rights Transfer Agreement and the transactions thereunder are on normal commercial terms and the relevant terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.



#### **IV. PROVISION OF THE PERFORMANCE GUARANTEE AND ENTERING INTO OF THE COUNTER GUARANTEE AGREEMENT**

Prior to the date of this announcement, in respect of the performance obligations of the Target Group under the Locomotive Supply Contracts, Zhuzhou Locomotive had applied to BOC and CCBC respectively for the issuance of advance payment guarantees and had provided the parent guarantee. Accordingly, Zhuzhou Locomotive has provided and will continue to provide the performance guarantee for the Target Group upon the effective date of the Entrustment Agreement. On 18 July 2021, Zhuzhou Locomotive and CRRC GROUP entered into the Counter Guarantee Agreement, pursuant to which, CRRC GROUP will provide the Counter Guarantee for the obligations of Zhuzhou Locomotive under the Guarantees.

##### **Guarantees**

The principal terms of the Guarantees are set out below:

##### ***(I) Advance Payment Guarantee of BOC***

###### ***Date***

24 March 2014 (amended in February 2018, February 2019, February 2020 and February 2021)

###### ***Parties***

- (1) Zhuzhou Locomotive; and
- (2) BOC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, BOC and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

###### ***Guarantee Period***

The guarantee period is from the effective date of the advance payment guarantee to 28 February 2022.

###### ***Method of Guarantee***

In respect of the performance obligations of the Target Group under the Locomotive Supply Contracts, Zhuzhou Locomotive applied to BOC for the issuance of advance payment guarantee in favour of the Owner under the Locomotive Supply Contracts. If the Target Group fails to perform its obligations under the Locomotive Supply Contracts, the Owner can obtain payment from BOC pursuant to the advance payment guarantee. Zhuzhou Locomotive shall deposit such amount into its account in BOC one business day prior to payment.

### ***Coverage of the Guarantee***

The amount of the advance payment guarantee is limited to the relevant amount of advance payment already obtained by the Target Group from the Owner, and the amount of guarantee obligation shall be reduced accordingly with the delivery of locomotives by the Target Group. As at the date of this announcement, the outstanding amount of the guarantee under the advance payment guarantee is ZAR497,366,100 (equivalent to approximately RMB223,847,203).

### ***(II) Advance Payment Guarantee of CCBC***

#### ***Date***

21 April 2015 (amended in February 2018, February 2019, February 2020 and February 2021)

#### ***Parties***

- (1) Zhuzhou Locomotive; and
- (2) CCBC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CCBC and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

#### ***Guarantee Period***

The guarantee period is from the effective date of the advance payment guarantee to 28 February 2022.

#### ***Method of Guarantee***

In respect of the performance obligations of the Target Group under the Locomotive Supply Contracts, Zhuzhou Locomotive applied to CCBC for the issuance of advance payment guarantee in favour of the Owner under the Locomotive Supply Contracts. If the Target Group fails to perform its obligations under the Locomotive Supply Contracts, the Owner can obtain payment from CCBC pursuant to the advance payment guarantee. After CCBC has made payment to the Owner, Zhuzhou Locomotive shall immediately repay the corresponding amount to CCBC.

### ***Coverage of the Guarantee***

The amount of the advance payment guarantee is limited to the relevant amount of advance payment already obtained by the Target Group from the Owner, and the amount of guarantee obligation shall be reduced accordingly with the delivery of locomotives by the Target Group. As at the date of this announcement, the outstanding amount of the guarantee under the advance payment guarantee is ZAR994,732,200 (equivalent to approximately RMB447,694,406).

### ***(III) Parent Guarantee***

#### ***Date***

21 March 2014

#### ***Parties***

- (1) Zhuzhou Locomotive; and
- (2) The Owner.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Owner and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

#### ***Guarantee Period***

The maximum guarantee period of the parent guarantee is until the expiration of the warranty period of the Locomotive Supply Contracts.

#### ***Method of Guarantee***

Pursuant to the parent guarantee, if the Target Group fails to perform its obligations under the Locomotive Supply Contracts, Zhuzhou Locomotive shall be jointly and severally liable for the compensation liability of the Target Group under the Locomotive Supply Contracts.

### ***Coverage of the Guarantee***

Pursuant to the parent guarantee, the maximum amount of compensation liability borne by Zhuzhou Locomotive is ZAR2.886 billion (equivalent to approximately RMB1.299 billion).

## **Counter Guarantee Agreement**

The principal terms of the Counter Guarantee Agreement are set out below:

### ***Date***

18 July 2021

### ***Parties***

- (1) Zhuzhou Locomotive, as the guarantor; and
- (2) CRRC GROUP, as the counter guarantor.

### ***Guarantee Period***

The guarantee period of the Counter Guarantee is 2 years from the date of actual performance of the guarantee obligations by Zhuzhou Locomotive.

### ***Method and Coverage of Guarantee***

CRRC GROUP shall assume Counter Guarantee obligations for the guarantee obligations of Zhuzhou Locomotive under the Guarantees with all of its assets, and shall assume joint and several reimbursement obligation for all payments made by Zhuzhou Locomotive for fulfilling its guarantee obligations and all expenses incurred to realize the right of recovery. If Zhuzhou Locomotive has borne the guarantee obligations under the Guarantees, Zhuzhou Locomotive is entitled to recover the amount directly from CRRC GROUP. CRRC GROUP undertakes to unconditionally assume the Counter Guarantee obligations and reimburse Zhuzhou Locomotive in full for all payments made by Zhuzhou Locomotive to discharge its guarantee obligations within 15 business days after receiving the written notice of reimbursement from Zhuzhou Locomotive.

### **Reasons for and Benefits of Provision of the Performance Guarantee and Entering into of the Counter Guarantee Agreement**

It is in line with international commercial practice for Zhuzhou Locomotive, as the shareholder of the Target Company, to provide performance guarantees for the Locomotive Supply Contracts of the Target Group. Pursuant to the Guarantees, as at the date of this announcement, the total outstanding amount of the performance guarantees provided by Zhuzhou Locomotive for the Target Group shall be no more than ZAR4.378 billion (equivalent to approximately RMB1.971 billion). In addition, pursuant to the Counter Guarantee Agreement, CRRC GROUP also provided Counter Guarantee for the guarantee obligations of Zhuzhou Locomotive under the Guarantees to Zhuzhou Locomotive, thus the guarantee obligations of the Group under the Guarantees are capped and are at lower risk.

All the Directors (including all the independent non-executive Directors) are of the view that the Provision of the Performance Guarantee and the entering into of the Counter Guarantee Agreement were in the ordinary course of business of the Group on normal commercial terms and the relevant terms are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

## **V. GENERAL INFORMATION OF THE COMPANY, CRRC GROUP AND OTHER PARTIES TO THE TRANSACTIONS**

### ***The Company***

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

### ***CRRC GROUP***

CRRC GROUP is a large-scale wholly state-owned enterprise approved for establishment by the State Council of the PRC and the controlling shareholder of the Company. The principal businesses of CRRC GROUP (through the Company) include research and development, manufacturing, sales, refurbishment and leasing of rolling stock and key components, and the extended businesses relying on the proprietary technology of rolling stock.

### ***Zhuzhou Locomotive***

Zhuzhou Locomotive is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company as at the date of this announcement. The principal business of Zhuzhou Locomotive is the research and development, application and service of a full range of rail transportation traction equipment, including electric locomotives, urban rail transit vehicles, MUs, magnetic levitation vehicles, energy storage trams and rail engineering vehicles, as well as new technologies, new energy public transportation vehicles and important components.

### ***Zhuzhou Locomotive Industrial***

Zhuzhou Locomotive Industrial is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of CRRC GROUP as at the date of this announcement. The principal businesses of Zhuzhou Locomotive Industrial are asset management and equity investment.

Zhuzhou Locomotive Industrial is a wholly-owned subsidiary of CRRC GROUP and its financial condition is healthy. Zhuzhou Locomotive Industrial will comprehensively resolve the issue of the sources of funds involved in the assets entrustment related matters by applying for loans and capital increase from its shareholder CRRC GROUP. Zhuzhou Locomotive Industrial has the due ability to pay.

### ***BOC***

BOC is a joint stock company incorporated in the PRC with limited liability. Its A shares are listed on the Shanghai Stock Exchange (stock code: 601988) and its H shares are listed on the Hong Kong Stock Exchange (stock code: 3988). BOC provides a range of banking and related financial services, including commercial banking, investment banking, direct investment, securities, insurance, fund management, aircraft leasing, asset management and financial technology business.

### ***CCBC***

CCBC is a joint stock company incorporated in the PRC with limited liability. Its A shares are listed on the Shanghai Stock Exchange (stock code: 601939) and its H shares are listed on the Hong Kong Stock Exchange (stock code: 939) and it is engaged in a range of banking services and related financial services.

### ***The Owner***

The Owner, TRANSNET SOC LTD, is a limited liability company incorporated in South Africa. It is a wholly-owned subsidiary of the Department of Public Enterprises, which represents the government as an investor. TRANSNET SOC LTD, a state-owned transportation enterprise in South Africa, is principally engaged in four areas, namely the operation of railways, highways, ports, and pipelines. TRANSNET SOC LTD is the largest logistics transportation group in Africa.

## **VI. IMPLICATIONS OF THE HONG KONG LISTING RULES**

As at the date of this announcement, CRRC GROUP is the controlling Shareholder of the Company directly holding 51.35% of the shares of the Company, and is thus a connected person of the Company under the Hong Kong Listing Rules. Zhuzhou Locomotive is a wholly-owned subsidiary of the Company and Zhuzhou Locomotive Industrial is a wholly-owned subsidiary of CRRC GROUP. Accordingly, the entering into of the Entrustment Agreement and the Creditor's Rights Transfer Agreement between Zhuzhou Locomotive and Zhuzhou Locomotive Industrial constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the Entrustment Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent shareholders' approval requirement. As the highest applicable percentage ratio in respect of the transaction under the Creditor's Rights Transfer Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent shareholders' approval requirement.

Upon the effective date of the Entrustment Agreement, the Target Company will become a subsidiary of CRRC GROUP. Therefore, the Target Company will become a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. The Provision of the Performance Guarantee by Zhuzhou Locomotive to the Target Group constitutes the financial assistance provided by the Company to its connected person, therefore, the Guarantees and the transactions thereunder will become continuing connected transactions of the Company. Pursuant to Rule 14A.60 of the Hong Kong Listing Rules, the continuing connected transactions of the Company under the Guarantees are subject to the annual review and disclosure requirements including publishing an announcement and annual reporting under Chapter 14A of the Hong Kong Listing Rules. When renewing and revising the terms of the Guarantees, the Company shall comply with all the requirements for connected transactions under Chapter 14A of the Hong Kong Listing Rules.

The provision of the Counter Guarantee by CRRC GROUP to Zhuzhou Locomotive under the Counter Guarantee Agreement constitutes the financial assistance provided by a connected person of the Company. As the Counter Guarantee will be provided on normal commercial terms and will not be secured by the Group's assets, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, the Counter Guarantee is fully exempt from the reporting, annual review, announcement and independent shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Two Directors, namely Sun Yongcai and Lou Qiliang, who hold positions in CRRC GROUP, have abstained from voting on the Board resolutions approving the Entrustment Agreement, the Creditor's Rights Transfer Agreement and the Counter Guarantee Agreement and the transactions contemplated thereunder. Save as stated above, none of the Directors has a material interest in the above agreements and the transactions contemplated thereunder and hence no other Directors have abstained from voting on the relevant Board resolutions.

## VII. DEFINITION

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

“Board”	the board of directors of the Company
“BOC”	Bank of China Limited (中國銀行股份有限公司)
“CCBC”	China Construction Bank Corporation (中國建設銀行股份有限公司)
“Company”	CRRC Corporation Limited (中國中車股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and the A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Counter Guarantee”	the counter guarantee provided by CRRC GROUP to Zhuzhou Locomotive pursuant to the Counter Guarantee Agreement
“Counter Guarantee Agreement”	the counter guarantee agreement dated 18 July 2021 entered into between Zhuzhou Locomotive and CRRC GROUP in relation to the counter guarantee provided by CRRC GROUP in respect of the guarantee obligations of Zhuzhou Locomotive under the Guarantees
“Creditor’s Rights of the Target Group”	the account receivables of the Group (excluding the Target Group) accrued from the Target Group in the ordinary course of business
“Creditor’s Rights Transfer Agreement”	the creditor’s rights transfer agreement dated 18 July 2021 entered into by Zhuzhou Locomotive and Zhuzhou Locomotive Industrial in relation to the transfer of Creditor’s Rights of the Target Group
“CRRC GROUP”	CRRC GROUP Co., Ltd. (中國中車集團有限公司), a large-scale wholly state-owned enterprise and controlling Shareholder of the Company
“Director(s)”	the directors of the Company (including independent non-executive directors)



“Entrustment Agreement”	the entrustment agreement dated 18 July 2021 entered into between Zhuzhou Locomotive and Zhuzhou Locomotive Industrial in relation to Zhuzhou Locomotive entrusting Zhuzhou Locomotive Industrial with the management of 100% of the equity interest in the Target Company held by Zhuzhou Locomotive
“Group”	unless otherwise indicated in this announcement, the Company and its subsidiaries
“Guarantees”	collectively, the advance payment guarantees issued by BOC and CCBC in accordance with the application of Zhuzhou Locomotive and the parent guarantee provided by Zhuzhou Locomotive respectively in respect of the Target Group’s performance obligations under the Locomotive Supply Contracts
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Locomotive Supply Contract(s)”	the locomotive supply contract(s) entered into between the Target Group and the Owner
“Owner”	TRANSNET SOC LTD
“PRC”	the People’s Republic of China
“Provision of the Performance Guarantee”	the provision of performance guarantee by Zhuzhou Locomotive to the Target Group pursuant to the Guarantees
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“South Africa”	the Republic of South Africa
“Target Company”	CRRC ZELC SA PTY LTD. (南非中車株機有限公司), a wholly-owned subsidiary of the Company prior to the effective date of the Entrustment Agreement

“Target Group”	as the context may require, the Target Company and/or its subsidiaries
“ZAR”	Rand, the lawful currency of the Republic of South Africa
“Zhuzhou Locomotive”	CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司), a wholly-owned subsidiary of the Company as at the date of this announcement
“Zhuzhou Locomotive Industrial”	CRRC Zhuzhou Electric Locomotive Industrial Management Co., Ltd. (中車株洲電力機車實業管理有限公司), a wholly-owned subsidiary of CRRC GROUP as at the date of this announcement
“%”	percent

*In this announcement, unless otherwise indicated, the exchange rate of ZAR1.00 = RMB0.4501, where applicable, is used for illustrative purposes only and does not imply that any amounts have been, could have been or may be exchanged at such rate or any other rates or at all on the relevant dates or any other date.*

By order of the Board  
**CRRC Corporation Limited**  
**Sun Yongcai**  
*Chairman*

Beijing, the PRC  
18 July 2021

*As at the date of this announcement, the executive Directors of the Company are Mr. Sun Yongcai and Mr. Lou Qiliang; and the independent non-executive Directors are Mr. Li Guo’an, Mr. Sun Patrick, Mr. Shi Jianzhong and Mr. Zhu Yuanchao.*