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**中国铁建**

**CRCC High-Tech Equipment Corporation Limited**

**中國鐵建高新裝備股份有限公司**

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

**(Stock Code: 1786)**

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 21 December 2021 in relation to, among other things, the Previous Financial Services Framework Agreement.

As the Previous Financial Services Framework Agreement is expected to expire on 31 December 2022, the Company entered into the Financial Services Framework Agreement with CRCC Finance on 30 November 2022 to renew the Previous Financial Services Framework Agreement, pursuant to which CRCC Finance agreed to provide deposit services to the Group for the term commencing from 1 January 2023 and ending on 31 December 2025.

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

As the highest applicable percentage ratio (as defined in the Listing Rules) for the transactions contemplated under the Financial Services Agreement exceeds 0.1% but is less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## 1. BACKGROUND

Reference is made to the announcement of the Company dated 21 December 2021 in relation to, among other things, the Previous Financial Services Framework Agreement.

As the Previous Financial Services Framework Agreement is expected to expire on 31 December 2022, the Company entered into the Financial Services Framework Agreement with CRCC Finance on 30 November 2022 to renew the Previous Financial Services Framework Agreement, pursuant to which CRCC Finance agreed to provide deposit services to the Group for the term commencing from 1 January 2023 and ending on 31 December 2025. Other than the above change, all existing terms and conditions of the Previous Financial Services Framework Agreement have remained unchanged.

## 2. FINANCIAL SERVICES FRAMEWORK AGREEMENT

Details of the Financial Services Framework Agreement are as follows:

<b>Date:</b>	30 November 2022
<b>Parties:</b>	The Company (as the service recipient); and  CRCC Finance (as the service provider)
<b>Nature of transactions:</b>	CRCC Finance agreed to provide deposit services to the Group.
<b>Term:</b>	The term of the Financial Services Framework Agreement will commence from 1 January 2023 and end on 31 December 2025, subject to early termination by either party giving at least three months' prior written notice to the other party.  Parties can extend or renew such terms by mutual agreement, provided that the requirements under the relevant laws, regulations and the Listing Rules are complied with.
<b>Pricing policy:</b>	Pursuant to the Financial Services Framework Agreement, CRCC Finance shall accept deposits from the Group at interest rates not lower, and thus no less favorable, than the prevailing rates offered by the major PRC commercial banks for deposits of similar nature.
<b>Other major terms:</b>	The Group and CRCC Finance will enter into specific agreement to set out specific terms with respect to the financial services contemplated under the Financial Services Framework Agreement in accordance with the aforementioned principles thereunder.

### 3. HISTORICAL FIGURES

The historical maximum daily balance of the deposits (including accrued interest) placed by the Group with CRCC Finance for each of the three years ended 31 December 2021 was approximately RMB99.00 million (the annual cap was RMB100 million), RMB74.90 million (the annual cap was RMB75 million) and RMB44.98 million (the annual cap was RMB45 million), respectively.

The historical maximum daily balance of the deposits (including accrued interest) placed by the Group with CRCC Finance for the eleven months ended 30 November 2022 was approximately RMB35.11 million (the annual cap was RMB36 million).

### 4. PROPOSED MAXIMUM DAILY BALANCE OF THE DEPOSITS

The proposed maximum daily balance of the deposits (including accrued interest) to be placed by the Group with CRCC Finance for three years ending 31 December 2025 are as follows:

	<b>12 months ending 31 December 2023 (RMB million)</b>	<b>12 months ending 31 December 2024 (RMB million)</b>	<b>12 months ending 31 December 2025 (RMB million)</b>
Maximum daily balance of the deposits to be placed by the Group with CRCC Finance	30	30	30

### 5. BASIS OF PROPOSED MAXIMUM DAILY BALANCE OF THE DEPOSITS

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

With the continuous implementation of financial industry reform in the PRC, the ceiling for commercial bank deposit interest rate which used to be agreed on by participants of the industry is now being gradually lifted. In light of relevant general industry trend, the Company anticipates that it will be more likely to obtain higher interest income for its deposits placed with commercial banks generally. In the meantime, the Company still wants to retain certain flexibility for deposits with CRCC Finance given the clear benefits for cooperation with CRCC Finance as discussed in section 6 below and in case of any changes of financial industry and market conditions. Through the stringent internal control measures discussed in section 7 below, the Company will ensure that the interest rates of deposits with CRCC Finance, if to be carried out, be not lower, and thus no less favorable, than the prevailing rates offered by the major PRC commercial banks for deposits of similar nature.

**6. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

The Group is expected to benefit from CRCC Finance's familiarity of our industry and the Group's operations. Through years of cooperation, CRCC Finance has become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and our overall financial management system, which may enable CRCC Finance to render more expedient, efficient and flexible deposit services to the Group than other commercial banks and independent financial institutions in the PRC. The terms of the Financial Services Framework Agreement were negotiated on an arm's length basis and in the ordinary and usual course of business of the Group. With respect to deposits placed by the Group with CRCC Finance, the Group will be able to receive interest at rates not lower, and thus no less favorable, than the prevailing rates offered by the major PRC commercial banks for deposits of similar nature.

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

The Board (including the independent non-executive Directors) is of the view that: (i) the transactions under the Financial Services Framework Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the proposed maximum daily balance of the deposits to be placed under the Financial Services Framework Agreement from 1 January 2023 to 31 December 2025 is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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

**7. INTERNAL CONTROL MEASURES TO ENSURE SAFETY OF THE FUNDS OF THE GROUP DEPOSITED WITH CRCC FINANCE**

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

- (i) CRCC Finance shall set up and maintain, or procure the setting up and maintenance of, a secured and stable on-line system through which the Company and the relevant subsidiary of the Company, which deposits money with them, can view the balance of such deposits at any time on any day;

- (ii) CRCC Finance shall, in taking the deposits from the Group, not affect the normal use of the deposits by the Group; CRCC Finance shall ensure that their deployment of the funds will not inhibit or restrict the ability of the Group from utilizing our deposits, and if the funding needs of the Group do not exceed the total deposits placed by the Group with CRCC Finance, CRCC Finance shall ensure that there will be sufficient funds for the Group's timely withdrawal to meet the funding needs of the Group;
- (iii) CRCC Finance shall facilitate any annual inspection by the Group of the management of the deposits placed by the Group with CRCC Finance, including inspection of records of fund flows, interest rates and payments provided to our deposits, the balance of our deposits placed, and other information and records that may be required by our auditors for the purpose of reporting on the relevant continuing connected transactions;
- (iv) CRCC Finance will provide its annual financial report, the regulatory report submitted to CBIRC and other documents and information to the Company at request;
- (v) The Company will obtain benchmarks (deposit rate offered by the major PRC commercial banks (i.e. Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank and Bank of Communications), on a quarterly basis, during the term of the Financial Services Framework Agreement. All the benchmarks obtained by the Company will be kept in a database maintained by us, which will be used internally for, in addition to determining the interest rates and/or exchange rates under the Financial Services Framework Agreement, monitoring the market trend and allowing the Company to better formulate our funds management strategy. With all the benchmarks mentioned above collected, the Company will negotiate with CRCC Finance on the best interest rates most favourable that can be obtained. The benchmarks will set the bottom line for us in the negotiation process; and
- (vi) The audit and risk management committee considered and approved to proceed the continuing connected transactions contemplated under Financial Services Framework Agreement. Additionally, the finance department is responsible for conducting reviews on a monthly basis upon execution and reporting relevant information to the management and operation departments of the Company.

## **8. IMPLICATIONS UNDER THE LISTING RULES**

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

As the highest applicable percentage ratio (as defined in the Listing Rules) for the transactions contemplated under the Financial Services Agreement exceeds 0.1% but is less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## 9. GENERAL INFORMATION

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

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

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

As at the date of this announcement, CRCC Finance is owned as to 94% by CRCC and 6% by CRCG. CRCC (its H shares are listed on the Main Board of the Stock Exchange (stock code: 01186) and its A shares are listed on the Shanghai Stock Exchange (stock code: 601186)) is a joint stock limited company incorporated in the PRC and the controlling Shareholder of the Company. It is one of the strongest and largest-scale integrated construction groups in the world, and its businesses cover construction operation, planning, design and consultancy, investment operations, real estate development, manufacturing, materials and logistics, environmental protection, industrial finance and other emerging industries.

CRCG is a limited liability company incorporated in the PRC, the controlling shareholder of CRCC and a large central enterprise managed by the State-owned Assets Supervision and Administration Commission. CRCG is mainly engaged in technical consultancy of railways, metropolitan railways, highways, airports, ports, dock, tunnels, bridges, water conservancy and hydropower facilities, post and telecommunication facilities, mines, timbers, municipal engineering, general contracting and subcontracting of installation of circuitry, pipeline and equipment; construction of prevention and control of geologic disasters; construction project management; sale of automobile and cars; wholesale and retail of ferrous metal, timber, cement, fuel, construction materials, chemical products (excluding dangerous chemicals), electromechanical products, armored concrete product and special railway equipment; organization of the production of the enterprises under direct control; overseas construction contracting and domestic international construction tendering; rental services of machinery and construction installation equipments, renovation and interior decoration services; relevant technical consulting, technical services, import and export business; advertising business.

## 10. DEFINITIONS

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

“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Company”	CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司), a joint stock limited company, whose H Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“CRCC”	China Railway Construction Corporation Limited (中國鐵建股份有限公司), a joint stock limited company incorporated in the PRC and our controlling Shareholder. Its H shares are listed on the Main Board of the Stock Exchange (stock code: 01186) and its A shares are listed on the Shanghai Stock Exchange (stock code: 601186)
“CRCC Finance”	CRCC Finance Company Limited (中國鐵建財務有限公司), a limited liability company incorporated in the PRC, a subsidiary of CRCC and a connected person of the Company
“CRCC Group”	CRCC and its subsidiaries
“CRCG”	China Railway Construction Group Co., Ltd. (中國鐵道建築集團有限公司), a limited liability company incorporated in the PRC and the controlling shareholder of CRCC
“Director(s)”	the director(s) of the Company
“Financial Services Framework Agreement”	a financial services framework agreement entered into between the Company and CRCC Finance on 30 November 2022 to replace the Previous Financial Services Framework Agreement, pursuant to which CRCC Finance agrees to provide deposit services to the Group for the term commencing from 1 January 2023 and ending on 31 December 2025

“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“Previous Financial Services Framework Agreement”	a financial services framework agreement entered into between the Company and CRCC Finance on 21 December 2021, pursuant to which CRCC Finance agreed to provide deposit services to the Group for the term commencing from 1 January 2022 and ending on 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Kunming, the PRC, 30 November 2022

*As at the date of this announcement, the Board of the Company comprises Mr. Liu Feixiang, Mr. Tong Pujiang, Mr. Chen Yongxiang and Mr. Luo Jianli, as executive directors; Mr. Zhao Hui and Mr. Bai Yunfei, as non-executive directors; and Mr. Wu Yuntian, Mr. Na Pengjie and Ms. Chu Ching, as independent non-executive directors.*