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

(Stock Code: 3898)

**ANNOUNCEMENT
CONNECTED TRANSACTION
IN RELATION TO
CAPITAL INCREASE AGREEMENT OF A JOINT VENTURE COMPANY**

CAPITAL INCREASE

The Board is pleased to announce that on 29 November 2020, Baoji Times (a subsidiary of the Company), CRRC Taiyuan and the JV Company entered into the Capital Increase Agreement, pursuant to which Baoji Times and CRRC Taiyaun shall increase the capital contribution in a total sum of RMB257.6204 million to the JV Company in accordance with their respective shareholding ratio.

Upon completion of the Capital Increase, the registered capital of the JV Company shall increase from RMB50 million to RMB307.6204 million, and the JV Company will remain to be owned as to 55% by Baoji Times and as to 45% by CRRC Taiyuan.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company is a controlling shareholder of the Company. CRRC directly holds the entire equity interest in the Parent Company and indirectly holds the entire equity interest in CRRC Taiyuan. CRRC Taiyuan is an associate of the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Capital Increase contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Capital Increase Agreement is more than 0.1% but less than 5%, the entering into of the Capital Increase Agreement and the transactions completed thereunder is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 14 December 2018 in relation to the establishment of the JV Company in Taiyuan City, Shanxi Province, the PRC.

The Board is pleased to announce that on 29 November 2020, Baoji Times (a subsidiary of the Company), CRRC Taiyuan and the JV Company entered into the Capital Increase Agreement.

THE CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are as follows:

- Date: 29 November 2020
- Parties: (i) Baoji Times;
- (ii) CRRC Taiyuan; and
- (iii) the JV Company

Capital Increase

Pursuant to the Capital Increase Agreement, the parties have agreed that the registered capital of the JV Company shall be increased from RMB50 million to RMB307.6204 million, by way of Capital Increase of a total sum of RMB257.6204 million to the JV Company by Baoji Times and CRRC Taiyuan in accordance with their respective shareholding ratio.

The respective amount and form of the Capital Increase to be contributed by Baoji Times and CRRC Taiyuan are as follows:

- (i) Baoji Times will inject RMB141.6912 million in cash; and
- (ii) CRRC Taiyuan will inject RMB115.9292 million in form of non-monetary assets.

It is expected that Baoji Times shall pay the JV Company its share of Capital Increase by 30 December 2020. CRRC Taiyuan shall complete the injection of non-monetary assets into the JV Company within one year of the date of the Capital Increase Agreement.

The Capital Increase was determined upon arm's length negotiations between the parties on normal commercial terms after taking into account of the potential capital needs of the JV Company. The payment of the Company's share of the Capital Increase shall be funded by the internal resources of the Group.

Shareholding structure of the JV Company prior to and immediately after the Capital Increase

The following table sets out a summary of the changes of registered capital of the JV Company prior to and immediately after the completion of the Capital Increase:

Shareholders	Prior to the completion of the Capital Increase		After the completion of the Capital Increase	
	Capital contribution <i>(in RMB ten thousand)</i>	Shareholding <i>(%)</i>	Capital contribution <i>(in RMB ten thousand)</i>	Shareholding <i>(%)</i>
Baoji Times	2,750.00	55	16,919.12	55
CRRC Taiyuan	<u>2,250.00</u>	<u>45</u>	<u>13,842.92</u>	<u>45</u>
Total	<u><u>5,000.00</u></u>	<u><u>100</u></u>	<u><u>30,762.04</u></u>	<u><u>100</u></u>

Upon completion of the Capital Increase, the registered capital of the JV Company will be increased to RMB307.6204 million, the JV Company will remain to be owned as to 55% by Baoji Times and as to 45% by CRRC Taiyuan, and the JV Company will remain as a subsidiary of the Company.

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 onboard 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.

INFORMATION ON BAOJI TIMES

Baoji Times is mainly engaged in the operations of rail vehicles, catenary vehicles and large-scale maintenance machinery on the railway as well as the undertaking of research and development, manufacture, overhaul, sale, service, training, maintenance, leasing, import and export of self-running special equipment for railway construction, maintenance, testing and rescue operations; technical services and professional training of railway construction, maintenance, testing and rescue operations; import and export of raw materials, machinery and equipment, instruments, spare parts and technology required for manufacture and production; external leasing and technical services of corporate resources; sales of new energy vehicles and wind power equipment, lubricating oil and grease; manufacturing and sales of intelligent rail vehicles.

INFORMATION ON CRRC TAIYUAN

CRRC Taiyuan is mainly engaged in the manufacture, sale and overhaul of railway rolling stock and parts, construction vehicles and parts, railway machinery and parts, construction machinery and parts, coal machinery and parts, automobile and motorcycle parts, wood products and environmental protection equipment; sale of building materials, steel and computers; cargo storage; house leasing; consulting services of rolling stock technology and cargo transport information; import and export; gas cylinder filling; installation, debugging, repair and maintenance of mechanical and electrical equipment, power equipment and lifting transport equipment; design, manufacture, installation, debugging, repair and maintenance of non-standard equipment and process equipment; sale and maintenance of cars; design, leasing, technical services and maintenance of railway rolling stock.

INFORMATION ON THE JV COMPANY

The JV Company is mainly engaged in the research and development, manufacture, repair, maintenance, sale, leasing, technical service of self-rotating special equipment and accessories of rail cars, catenary operation vehicles, and large-scale road maintenance machinery; goods or technology import and export business; railway construction, technical services for maintenance, inspection and rescue; leasing of venues, properties and facilities.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Capital Increase will be conducive to the development of rail transportation business of the JV Company, and to meet its potential capital needs to further enhance its integrated operation and optimise allocation of resources, so as to strengthen its comprehensive competitiveness. The Company considers that the entering into the Capital Increase Agreement and the Capital Increase will enhance the finance conditions and therefore the development of the JV Company and allow the JV Company to further expand its business, which will be beneficial to the development of the Group in the long run.

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

The Directors, excluding Mr. Li Donglin, Mr. Liu Ke'an and Mr. Zhang Xinning but including the independent non-executive Directors, are of the view that the Capital Increase Agreement and the transactions contemplated thereunder have been entered into on arm's length basis and in the ordinary and usual course of business of the Group, the terms of the Capital Increase Agreement are entered into on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Capital Increase Agreement is more than 0.1% but less than 5%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Baoji Times”	寶雞中車時代工程機械有限公司 (Baoji CRRC Times Engineering Machinery Co., Ltd.), a subsidiary of the Company in which the Company holds 90.15% of its equity interests
“Board”	the board of Directors
“Capital Increase”	the proposed capital increase contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 29 November 2020 entered into between Baoji Times, CRRC Taiyuan and JV Company in relation to increase of capital contribution into the JV Company
“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 incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the 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 Shanghai Stock Exchange and the Stock Exchange respectively

“CRRC Taiyuan”	CRRC Taiyuan Co., Ltd. (中車太原機車車輛有限公司), a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of CRRC
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 13 December 2018 entered into between Baoji Times and CRRC Taiyuan in relation to the establishment of the JV Company
“JV Company”	Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. (太原中車時代軌道工程機械有限公司), a joint venture company established under the laws of the PRC with limited liability pursuant to the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parent Company”	中車株洲電力機車研究所有限公司 (CRRC Institute Co., Ltd.), a company established in the PRC with limited liability, the controlling shareholder of the Company, and a wholly-owned subsidiary of CRRC
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Zhuzhou CRRC Times Electric Co., Ltd.
Li Donglin
Chairman

Zhuzhou, China, 30 November 2020

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