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

**(Stock Code: 3898)**

**ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS  
UNDER 2020-22 QINGDAO MUTUAL SUPPLY AGREEMENT**

In view of the expiry of the 2017-19 Qingdao Mutual Supply Agreement, on 24 April 2020, the Company entered into the 2020-22 Qingdao Mutual Supply Agreement with the Qingdao Company for a term of three years commencing on 1 January 2020 and ending on 31 December 2022.

As at the date of this announcement, the Parent Company is a controlling shareholder of the Company, and CRRC directly holds the entire equity interest in the Parent Company and 97.81% equity interest in CRRC Sifang, respectively. Therefore, CRRC Sifang is an associate of the Parent Company and is a connected person of the Company under the Listing Rules. Accordingly, the Qingdao Company is a connected subsidiary of the Company and the transactions contemplated under the 2020-22 Qingdao Mutual Supply Agreement constitutes continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under the Listing Rules) for the Annual Caps is more than 0.1% but are all less than 5%, the 2020-22 Qingdao Mutual Supply Agreement and the Annual Caps 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 Listing Rules.

**BACKGROUND**

In view of the expiry of the 2017-19 Qingdao Mutual Supply Agreement, on 24 April 2020, the Company entered into the 2020-22 Qingdao Mutual Supply Agreement with the Qingdao Company for a term of three years commencing on 1 January 2020 and ending on 31 December 2022.

## CONTINUING CONNECTED TRANSACTIONS WITH THE QINGDAO GROUP

### Principal Terms of the 2020-22 Qingdao Mutual Supply Agreement

The principal terms of the 2020-22 Qingdao Mutual Supply Agreement are summarised as follows:

Date:	24 April 2020
Parties:	(a) the Qingdao Company; and  (b) the Company
Scope of products and services to be provided:	<p>The Company agreed to supply and procure its subsidiaries (excluding the Qingdao Group) to supply to the Qingdao Group certain products (including electrical systems and electrical components), parts and components, technical services, after-sale services, management services and other related services, and related facilities for research and development, production and testing purposes.</p> <p>The Qingdao Company agreed to supply and procure its subsidiaries and their respective associates to supply to the Group certain products, parts and components, technical services, after-sale services, management services and other related services, and related facilities for research and development, production and testing purposes.</p>
Term:	A term commencing on 1 January 2020 and ending on 31 December 2022.
Pricing principles:	<p>The pricing for the products and/or services supplied by and/or to the Qingdao Group will be determined in accordance with the following principles and order of priority:</p> <ul style="list-style-type: none"><li>(a) the prices prescribed by the government of the PRC or any regulatory authority(ies) (if any) (“<b>government-prescribed prices</b>”);</li><li>(b) the prices not exceeding any pricing guidelines or pricing recommendations set by the government of the PRC or any regulatory authority(ies) (if any) (“<b>government-guided prices</b>”), where no government-prescribed prices are available or applicable;</li><li>(c) the final confirmed prices through the bidding and tendering process conducted in accordance with the applicable laws, rules and regulations (if any) (“<b>bidding prices</b>”), where neither government-prescribed prices or government-guided prices are available or applicable;</li></ul>

- (d) the market prices which are offered to or by Independent Third Parties in the ordinary and usual course of business, where none of the government-prescribed prices, government-guided prices or bidding prices are available or applicable; and
- (e) the agreed prices based on the actual or reasonable cost incurred thereof plus a reasonable profit margin, which is determined by reference to the nature of products and/or services, historical price, current market price of the similar products and/or services and the Group's forecasted demand and increase in the market price of such products and/or services in the remaining term, where none of the above prices are available or applicable.

Payment terms: Payments for the products and/or services supplied by and/or to the Qingdao Group will be settled by way of cash or such other manners as agreed by the parties and in accordance with the agreed timing and manners as specified in the actual product and service contracts to be entered into between the Group Companies and the Qingdao Group Companies.

With respect to the purchase of products and/or services by the Group, in determining whether the price and/or payment terms offered by the Qingdao Group are reasonable or no less favourable than those offered by the Independent Third Parties, the Group will obtain and compare price references from the market to the extent that those products and/or services are of comparable nature, quality, quantity and condition. In the event that the price and/or payment terms offered by the Qingdao Group are less favourable than those offered by the Independent Third Parties, the Group will have the right to terminate and cancel such purchases. The Directors (including the independent non-executive Directors) consider that such methods and procedures can ensure that the transactions contemplated under the 2020-22 Qingdao Mutual Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

### Historical Transaction Records with the Qingdao Group

Set out below is a summary of the transaction records of the transactions under the 2017-19 Qingdao Mutual Supply Agreement for the three years ended 31 December 2019:

	<b>Year ending 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>(RMB million)</i>		
Amounts paid to the Qingdao Group by the Group for the products and/or services provided by the Qingdao Group	2.3	0.1	0.2
Amounts paid to the Group by the Qingdao Group for the products and/or services provided by the Group	48.8	8.5	9.3

## Annual Caps

The Annual Caps under the 2020-22 Qingdao Mutual Supply Agreement for the three years ending 31 December 2020, 2021 and 2022 are as follows:

	Year ending 31 December		
	2020	2021	2022
	<i>(RMB million)</i>		
1. Annual cap of the amounts to be paid to the Qingdao Group by the Group for the products and/or services to be provided by the Qingdao Group	50	50	50
2. Annual cap of the amounts to be paid to the Group by the Qingdao Group for the products and/or services to be provided by the Group	40	40	40

The Annual Caps are determined with reference to the following assumptions which the Directors (including the independent non-executive Directors) consider reasonable: (1) the expected growth of railway industry in the PRC; (2) the expected growth of rapid transit systems sector in the PRC; (3) the business development potential of the Qingdao Group; (4) the business development plan of the Group; (5) the anticipated supply contracts to be entered into, and supply plans, between the Group and the Qingdao Group, together with the anticipated market demand and tender plans; and (6) the historical transaction amounts under the 2017-19 Qingdao Mutual Supply Agreement as shown in the section headed “Historical Transaction Records with the Qingdao Group” above.

## INFORMATION ON THE GROUP

The Group is mainly engaged in the research, development, manufacture and sale of locomotive train power converters, control systems, urban railway train electrical systems and other train-borne electrical systems, as well as engaged in the research, development, manufacture and sale of electric components for the railway industry, urban railway industry and non-railway purposes.

## INFORMATION ON THE QINGDAO GROUP

The Qingdao Group is principally engaged in the design, manufacturing, sales, provision of technical service, repair and maintenance, upkeep, as well as retrofit and transform of electrical systems, equipment and facilities and parts and components of railway transportation.

## **REASONS FOR ENTERING INTO THE 2020-22 QINGDAO MUTUAL SUPPLY AGREEMENT**

The Qingdao Company was established to support the Group's ancillary production facilities in Qingdao City, Shandong Province, the PRC which will benefit the Group from the combined technical, production and management expertise of the Company, CRRC Sifang and Hongda Schnell and will bring synergy effect on the business development of the Group as a whole in the long run. The transactions contemplated under the 2020-22 Qingdao Mutual Supply Agreement are necessary for and are beneficial to the Company and therefore is of commercial benefit to the Company and the Group as a whole. Entering into the 2020-22 Qingdao Mutual Supply Agreement will facilitate the operation and growth of the Group's business.

The Directors (excluding Mr. Li Donglin, Mr. Yang Shouyi and Mr. Zhang Xinning but including the independent non-executive Directors) consider that the 2020-22 Qingdao Mutual Supply Agreement was entered into in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole, the transactions contemplated thereunder are in ordinary and usual course of business of the Group, the terms thereof and the Annual Caps are on normal commercial terms or if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties which are fair and reasonable insofar as the interests of the Company and its shareholders as a whole are concerned.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Parent Company is a controlling shareholder of the Company, and CRRC directly holds the entire equity interest in the Parent Company and 97.81% equity interest in CRRC Sifang, respectively. Therefore, CRRC Sifang is an associate of the Parent Company and a connected person of the Company under the Listing Rules. Accordingly, the Qingdao Company is a connected subsidiary of the Company and the transactions contemplated under the 2020-22 Qingdao Mutual Supply Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under the Listing Rules) for the Annual Caps is more than 0.1% but are all less than 5%, the 2020-22 Qingdao Mutual Supply Agreement and the Annual Caps 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 Listing Rules.

Mr. Li Donglin, Mr. Yang Shouyi and Mr. Zhang Xinning have abstained from voting on the Board resolution approving the 2020-22 Qingdao Mutual Supply Agreement due to conflict of interests. Save as mentioned above, none of the Directors has material interest in the 2020-22 Qingdao Mutual Supply Agreement and hence no other Director has abstained from voting on such Board resolution.

The Company will disclose information in relation to the 2020-22 Qingdao Mutual Supply Agreement in its subsequent published annual report and accounts in accordance with the relevant requirements as set out in the Rule 14A.71 of the Listing Rules.

## DEFINITIONS

“2017-19 Qingdao Mutual Supply Agreement”	a framework agreement on mutual supply of products and ancillary services entered into between the Qingdao Company and the Company dated 22 December 2016 for a term commencing on 1 January 2017 and ending on 31 December 2019
“2020-22 Qingdao Mutual Supply Agreement”	a framework agreement on mutual supply of products and ancillary services entered into between the Qingdao Company and the Company dated 24 April 2020 for a term commencing on 1 January 2020 and ending on 31 December 2022
“Annual Caps”	the maximum aggregate annual purchase and sale amounts in respect of the transactions under the 2020-22 Qingdao Mutual Supply Agreement for a term commencing on 1 January 2020 and ending on 31 December 2022
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“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 and the H shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning given to it under the Listing Rules
“connected subsidiary”	has the meaning given to it under the Listing Rules
“controlling shareholder”	has the meaning given 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 H shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange respectively; CRRC is directly and indirectly held as to approximately 50.73% in aggregate by CRRC Group and directly holds the entire equity interest in the Parent Company

“CRRC Group”	中國中車集團有限公司 (CRRC Group Co., Ltd.), a PRC state-owned enterprise and the controlling shareholder of CRRC
“CRRC Sifang”	中車青島四方機車車輛股份有限公司 (CRRC Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.), a joint stock company established in the PRC, and is held as to 97.81% by CRRC
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries (excluding the Qingdao Group) and “Group Company” means any of them
“Hongda Schnell”	青島宏達賽耐爾科技股份有限公司 (Qingdao Hongda Schnell Science & Technology Co., Ltd.), a joint stock company established in the PRC and an Independent Third Party
“Independent Third Party(ies)”	parties who are independent of, and not connected with, the Company or any of its connected persons
“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 Zhuzhou Institute Co., Ltd.), a limited liability company established under the laws of the PRC; the controlling shareholder of the Company and a wholly-owned subsidiary of CRRC
“Parent Group”	the Parent Company and its subsidiaries (excluding the Group)
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, does not include Hong Kong, Macao Special Administrative Region and Taiwan
“Qingdao Company”	青島中車電氣設備有限公司 (Qingdao CRRC Electric Equipment Co., Ltd.), a limited liability company established under the laws of the PRC, which was held as to 45% by the Company, 38% by CRRC Sifang, and 17% by Hongda Schnell

“Qingdao Group”	The Qingdao Company and its subsidiaries (for the purpose of this announcement, including their respective associates) and “Qingdao Group Company” means any of them
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board

**Li Donglin**

*Chairman*

Zhuzhou, China, 24 April 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 Yang Shouyi, our other executive Directors are Liu Ke’an and Yan Wu, our non-executive Director is Zhang Xinning, and our independent non-executive Directors are Chan Kam Wing, Clement, Pao Ping Wing, Liu Chunru, Chen Xiaoming and Gao Feng.*