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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 2022-2024 TAIYUAN CRRC TIMES MUTUAL SUPPLY AGREEMENT**

Reference is made to the announcement of the Company dated 28 December 2018 in relation to, among other things, the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement.

#### **2022-2024 TAIYUAN CRRC TIMES MUTUAL SUPPLY AGREEMENT**

In view of the prospective expiry of the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement on 31 December 2021, on 23 December 2021, the Company entered into the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement with Taiyuan CRRC Times for a term of three years commencing from 1 January 2022 and ending on 31 December 2024 (both dates inclusive).

#### **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. Baoji CRRC Times, a subsidiary of the Company, and CRRC Taiyuan hold Taiyuan CRRC Times as to 55% and 45%, respectively. Taiyuan CRRC Times is a non-wholly owned subsidiary of the Company and therefore, a connected person of the Company under the Listing Rules. Accordingly, the continuing transactions contemplated under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) (as defined under the Listing Rules) for the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement are more than 0.1% but are less than 5%, the transactions contemplated under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement constitute non-exempt continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Rule 14A of the Listing Rules.

## BACKGROUND

Reference is made to the announcement of the Company dated 28 December 2018 in relation to, among other things, the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement.

In view of the prospective expiry of the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement on 31 December 2021, on 23 December 2021, the Company entered into the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement with Taiyuan CRRC Times for a term of three years commencing from 1 January 2022 and ending on 31 December 2024 (both dates inclusive).

## CONTINUING CONNECTED TRANSACTIONS

### Principal Terms of the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement

The principal terms of the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement are summarised as follows:

Date:	23 December 2021
Parties:	(a) Taiyuan CRRC Times; and (b) the Company
Term:	A term of three years commencing from 1 January 2022 and ending on 31 December 2024 (both dates inclusive)
Scope of products and services to be provided:	<p>The Company agreed to supply and procure other members of the Group to supply to Taiyuan CRRC Times Group certain products (including electrical systems and electrical components), parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes.</p> <p>Taiyuan CRRC Times agreed to supply and procure other members of the Taiyuan CRRC Times Group to supply to the Group certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes.</p>
Pricing basis:	<p>The pricing for the products and/or services supplied by and/or to Taiyuan CRRC Times Group is determined on the following principles in order of priority:</p> <p>(a) the prices prescribed by the government of the PRC or any regulatory authority(ies) (if any) (“<b>government-prescribed prices</b>”);</p>

- (b) the pricing guidelines or prices to be determined by the parties within the range as set by the government of the PRC or any regulatory authority(ies) (if any) (“**government-guided prices**”), where no government-prescribed prices are available or applicable;
- (c) the final confirmed prices through the bidding and tendering process conducted in accordance with the applicable laws, rules and regulations (if any) (“**bidding prices**”), where neither government prescribed prices nor government-guided prices are available or applicable;
- (d) the market prices confirmed in accordance with the following order: (1) the prevailing prices received by Independent Third Parties when the type of products and/or services is provided under normal commercial circumstances in areas where the type of products and/or services is provided or its surrounding areas; or (2) the prevailing prices received by Independent Third Parties when the type of products and/or services is provided under normal commercial circumstances; and
- (e) the agreed prices based on the actual or reasonable cost incurred thereof plus a reasonable profit (which is determined by reference to the nature and historical price of products and/or services, 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 Taiyuan CRRC Times 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 respective group companies of Taiyuan CRRC Times Group and the Group.

The price and/or payment terms shall be on terms no less favourable to the Group than those offered by the Independent Third Parties.

With respect to the purchase of products and/or services by the Group, in determining whether the price and/or payment terms offered by Taiyuan CRRC Times Group are fair and 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 Taiyuan CRRC Times 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 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its shareholders.

## Historical Transaction Records with the Taiyuan CRRC Times Group

Set out below is a summary of the transaction amounts of the transactions under the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement for the two years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021:

	Year ended 31 December		nine months ended 30 September
	2019	2020	2021
	<i>(RMB millions)</i>		
Amounts paid to Taiyuan CRRC Times Group by the Group for the provision of the products and/or services by Taiyuan CRRC Times Group	33.2	91.6	0.9
Amounts paid to the Group by Taiyuan CRRC Times Group for the provision of the products and/or services by the Group	0.8	103.5	40.0

The aggregate annual amounts of the transactions under the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement for the two years ended 31 December 2019 and 2020 did not exceed the respective annual caps for the year 2019 and 2020.

As at the date of this announcement, the annual cap for the year 2021 has not been exceeded, and the Board anticipates that the aggregate annual amounts of the transactions under 2019-21 Taiyuan CRRC Times Mutual Supply Agreement for the year ending 31 December 2021 will not exceed the annual cap for the year 2021.

## Annual Caps and Basis of Annual Caps

The Annual Caps under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement for the three years ending 31 December 2022, 2023 and 2024 are as follows:

	Year ending 31 December		
	2022	2023	2024
	<i>(RMB millions)</i>		
Annual Cap of the amounts to be paid to Taiyuan CRRC Times Group by the Group for the provision of the products and/or services by Taiyuan CRRC Times Group	140	160	200
Annual Cap of the amounts to be paid to the Group by Taiyuan CRRC Times Group for the provision of the products and/or services by the Group	230	290	380

The Annual Caps are determined by the parties based on the estimated transaction amounts with reference to the following assumptions: (1) the expected growth of railway industry in the PRC; (2) the expected growth of urban rail industry in the PRC; (3) the expected growth of the Group’s business and the future business potential of Taiyuan CRRC Times Group; (4) the business development plan of the Group; and (5) the anticipated supply contracts to be entered into, and supply plans, between the Group and Taiyuan CRRC Times Group; and (6) the historical transaction amounts under the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement as shown in the section headed “Historical Transaction Records with the Taiyuan CRRC Times Group” above.

## **INFORMATION OF 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 OF THE TAIYUAN CRRC TIMES GROUP**

Taiyuan CRRC Times Group is principally engaged in the research, development, manufacture, repair, maintenance, sale, lease and technical services of self-wheeling special equipment and parts of railway vehicles, catenary operation vehicles and large-scale road maintenance machinery; import and export business of goods or technology; technical services of railway construction, maintenance, testing and rescue; leasing of venues, housing and equipment.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022-2024 TAIYUAN CRRC TIMES MUTUAL SUPPLY AGREEMENT**

Taiyuan CRRC Times was established with the intention to, among other things, (1) improve the allocation of resources and give play to the advantages of both Baoji CRRC Times and CRRC Taiyuan; (2) foster the development of railway construction machinery industry and create good social and economic benefits; and (3) expand and strengthen the Company’s electrical railway business. The Company considers that the procurement and supply relationship with Taiyuan CRRC Times Group established pursuant to the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement will continue to contribute to the expansion of the Group’s sales and revenue from its electrical railway business which will in turn contribute to the business of the Group.

Mr. Li Donglin, Mr. Liu Ke’an and Mr. Zhang Xinning have abstained from voting on the Board resolution approving the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement due to conflict of interests. Save as mentioned above, none of the Directors has material interest in the 2022-2024 Taiyuan CRRC Times Mutual Supply 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 2022-2024 Taiyuan CRRC Times 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 (including 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. CRRC directly holds the entire equity interest in the Parent Company and indirectly holds the entire equity interest in CRRC Taiyuan. Baoji CRRC Times, a subsidiary of the Company, and CRRC Taiyuan hold Taiyuan CRRC Times as to 55% and 45%, respectively. Taiyuan CRRC Times is a non-wholly owned subsidiary of the Company and therefore, a connected person of the Company under the Listing Rules. Accordingly, the continuing transactions contemplated under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) (as defined under the Listing Rules) for the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement are more than 0.1% but are less than 5%, the transactions contemplated under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement constitute non-exempt continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Rule 14A of the Listing Rules.

The Company will disclose relevant details of the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement in the next published annual report of the Company in accordance with Rules 14A.71 of the Listing Rules.

## **DEFINITIONS**

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

“2019-21 Taiyuan CRRC Times Mutual Supply Agreement”	a framework agreement on mutual supply of products and ancillary services entered into between the Company and Taiyuan CRRC Times dated 28 December 2018 for a term of three years commenced from 1 January 2019 and ending on 31 December 2021
“2022-2024 Taiyuan CRRC Times Mutual Supply Agreement”	a framework agreement on mutual supply of products and ancillary services entered into between the Company and Taiyuan CRRC Times dated 23 December 2021 for a term of three years commencing from 1 January 2022 and ending on 31 December 2024
“Annual Caps”	the maximum aggregate annual purchase and sales amounts in respect of the transactions under the 2022-2024 Taiyuan CRRC Times Mutual Supply Agreement

“A Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company which are listed and traded in RMB on the Science and Technology Innovation Board of the SSE
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Baoji CRRC Times”	Baoji CRRC Times Engineering Machinery Co., Ltd.* (寶雞中車時代工程機械有限公司), a subsidiary of the Company in which the Company holds 90.15% of its equity interests
“Board”	the board of Directors
“Company”	Zhuzhou CRRC Times Electric Co., Ltd. (株州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 Hong Kong Stock Exchange (stock code: 3898) and the A Shares of which are listed on the SSE (stock code: 688187)
“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 of which are listed on the SSE (stock code: 601766) and the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 1766). CRRC holds all the equity interests of the Parent Company
“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)”	the director(s) of the Company
“Group”	the Company and its subsidiaries, excluding Taiyuan CRRC Times Group
“H Share(s)”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in HKD
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	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 Hong Kong Stock Exchange
“Parent Company”	CRRC Zhuzhou Institute Co., Ltd.* (中車株洲電力機車研究所有限公司), a company established under the laws of the PRC with limited liability, a wholly-owned subsidiary of CRRC and the controlling shareholder of the Company
“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
“SSE”	the Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiyuan CRRC Times”	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 company established in the PRC with limited liability and which is held as to approximately 55% by Baoji CRRC Times and 45% by CRRC Taiyuan, respectively
“Taiyuan CRRC Times Group”	Taiyuan CRRC Times, its subsidiaries and their respective associates
“%”	per cent

*The English names of the PRC entities mentioned in this announcement which are marked with “\*” are translation, or transliteration from their Chinese names and are for identification purposes only. If there is any inconsistency between the Chinese name of the PRC entities mentioned in this announcement and their English translation, the Chinese version shall prevail.*

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

Zhuzhou, China, 23 December 2021

*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 Xinning, and our independent non-executive Directors are Chan Kam Wing, Clement, Pao Ping Wing, Liu Chunru, Chen Xiaoming and Gao Feng.*