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株洲中车时代电气股份有限公司
ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.

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

(Stock Code: 3898)

**CONNECTED TRANSACTION
IN RELATION TO
PROVISION OF LOAN TO CONNECTED SUBSIDIARY**

Reference is made to the Company's announcement dated 27 March 2020 regarding, among other things, the 2020-21 Loan Agreement.

2021-22 LOAN AGREEMENT

In view of the expiry of the 2020-21 Loan Agreement on 26 March 2021, on 29 April 2021 (after trading hours), the Company (as lender) entered into the 2021-22 Loan Agreement with Taiyuan Times (as borrower), pursuant to which the Company agreed to provide the Loan to Taiyuan Times in the principal amount of RMB100,000,000 for a term of one year commencing from the date of first drawdown.

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. As Taiyuan Times is owned as to 55% and 45% by Baoji Times (a 90.15%-owned subsidiary of the Company) and CRRC Taiyuan, respectively, Taiyuan Times is a connected subsidiary of the Company and is therefore a connected person of the Company. Accordingly, the provision of the Loan to Taiyuan Times 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 2021-22 Loan Agreement is more than 0.1% but are all less than 5%, the 2021-22 Loan Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Company's announcement dated 27 March 2020 regarding, among other things, the 2020-21 Loan Agreement.

On 27 March 2020, the Company (as lender) entered into the 2020-21 Loan Agreement with Taiyuan Times (as borrower), pursuant to which the Company agreed to provide the loan to Taiyuan Times in the principal amount of RMB100,000,000 for a term of one year commencing from the date of the 2020-21 Loan Agreement.

2021-22 LOAN AGREEMENT

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The principal terms of the 2021-22 Loan Agreement are set out below:

Date	:	29 April 2021 (after trading hours)
Parties	:	(1) The Company (as lender); and (2) Taiyuan Times (as borrower)
Principal amount	:	RMB100,000,000
Interest rate	:	4.0425% per annum, which shall be calculated on the actual number of days elapsed on the basis of 360-day year. The interest rate represents the current PBOC benchmark one-year lending rate in the PRC (being 3.85% per annum) plus 5% of such rate, and reflects the normal commercial rate in the market. The interest accrued on the outstanding balance of the Loan shall be payable on a quarterly basis and on the 20th day of the last month in each calendar quarter.
Availability period	:	The Loan shall be available for drawdown within one year from the date of the 2021-22 Loan Agreement by Taiyuan Times once or multiple times up till the full amount of the Loan is being utilised.
Maturity date and repayment	:	The principal amount of the Loan together with all accrued interest shall be repayable in full by the date falling on the expiry of one year from the date of first drawdown.
Early repayment	:	Taiyuan Times may prepay the Loan or any part thereof at any time before the maturity date without penalty provided that a ten (10) business days' prior written notice is given to the Company and the Company's consent is obtained.

The Group will finance the Loan from its internal resources.

INFORMATION ON THE GROUP

The Group is mainly engaged in the research, development, design, manufacture and sale of railway transportation equipment products, as well as provision of relevant services. The Group has an industrial structure of “components + systems + complete machines”. The products primarily include rail transit electrical equipment, rail engineering machinery and communication signal systems 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 power semiconductor device, industrial converter products, electric drive system of new energy vehicles, sensor device and marine equipment.

INFORMATION ON TAIYUAN TIMES

Taiyuan Times is mainly engaged in the research and development, manufacture, repair, maintenance, sale, leasing and technical services in respect of self-running special equipment and components for rail vehicles, catenary vehicles and large-scale maintenance machinery; import and export of goods or technologies; technical services in respect of railway construction, repair, testing and rescue operations; leasing of premises, buildings and equipment.

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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

As Taiyuan Times is still in its initial stage, relatively large amount of investment and expenditures are expected to be made. With the increase in production output, Taiyuan Times’s demand for liquidity also increased significantly in order to meet payment of production material procurement and wages. Having considered the overall strategy of the Company and under the premises of the Company having sufficient funds, the Company entered into the 2021-22 Loan Agreement to ensure Taiyuan Times will be able to operate smoothly and develop healthily which will be beneficial to the Group’s development 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 2021-22 Loan Agreement due to conflict of interests. Save as mentioned above, none of the Directors has material interest in the 2021-22 Loan 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, consider that the 2021-22 Loan Agreement was entered into on arm's length basis and on normal commercial terms (including without limitation the interest rate under the Loan) and that the terms of the 2021-22 Loan Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULE IMPLICATIONS

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DEFINITIONS

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

“2020-21 Loan Agreement”	the loan agreement dated 27 March 2020 and entered into between the Company (as lender) and Taiyuan Times (as borrower) in relation to the provision of the loan in the principal amount of RMB100,000,000. Please refer to the announcement of the Company dated 27 March 2020 for further details of the 2020-21 Loan Agreement
“2021-22 Loan Agreement”	the loan agreement dated 29 April 2021 and entered into between the Company (as lender) and Taiyuan Times (as borrower) in relation to the provision of the Loan
“Baoji Times”	寶雞中車時代工程機械有限公司 (Baoji CRRC Times Engineering Machinery Co., Ltd.), a non wholly-owned subsidiary of the Company in which the Company holds 90.15% of its equity interest
“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 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”	中車太原機車車輛有限公司 (CRRC Taiyuan Co., Ltd.), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of CRRC
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of RMB100,000,000 made or to be made by the Company to Taiyuan Times pursuant to the 2021-22 Loan Agreement
“Parent Company”	中車株洲電力機車研究所有限公司 (CRRC Zhuzhou 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
“PBOC”	People’s Bank of China
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Taiyuan Times”

太原中車時代軌道工程機械有限公司 (Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd.), a limited liability company established in the PRC, and is held as to 55% and 45% by Baoji Times and CRRC Taiyuan, respectively as at the date of this announcement

“%”

per cent

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

Zhuzhou, China, 29 April 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.