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

(Stock Code: 3898)

**VOLUNTARY ANNOUNCEMENT  
DEEMED DISPOSAL IN RELATION TO  
CAPITAL INCREASE AND SHARE EXPANSION AND INTRODUCTION OF  
AN EMPLOYEE SHAREHOLDING PLATFORM BY A SUBSIDIARY**

This announcement is made by Zhuzhou CRRC Times Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board of the directors (the “**Directors**”) of the Company (the “**Board**”) announces that on 24 September 2021, the Company, 株洲中車時代半導體有限公司 (Zhuzhou CRRC Times Semiconductor Co., Ltd.\*), a wholly-owned subsidiary of the Company and a limited liability company established in the People’s Republic of China (“**PRC**”) (“**Times Semiconductor**”), and its employee shareholding platform, 株洲芯連接零號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No. 0 Enterprise Management Partnership (Limited Partnership)\*) (the “**Employee Shareholding Platform**”), a limited partnership established in the PRC, entered into《株洲中車時代半導體公司之增資擴股協議》(Capital Increase and Share Expansion Agreement of Zhuzhou CRRC Times Semiconductor Co., Ltd.) (“**Capital Increase and Share Expansion Agreement**”), pursuant to which, the registered capital of Times Semiconductor will be increased from RMB2,700 million to RMB2,879.006 million (the “**Capital Increase**”), the Employee Shareholding Platform agreed to make contribution to the Capital Increase in the aggregate amount of RMB216.25 million, among which RMB179.006 million will be paid to the registered capital of Times Semiconductor, and the remaining RMB37.244 million will be included in capital reserve of Times Semiconductor. After the completion of the Capital Increase, the Company and the Employee Shareholding Platform will hold approximately 93.78% and 6.22% of the enlarged equity interest in Times Semiconductor, respectively, and Times Semiconductor will remain as a subsidiary of the Company.

The principal terms of the Capital Increase and Share Expansion Agreement are set out below:

- Date: 24 September 2021
- Parties: (1) The Company
- (2) Times Semiconductor
- (3) The Employee Shareholding Platform

## PRICING POLICY AND THE BASIS

The pricing of the Capital Increase was based on the filed valuation results. Taking 30 September 2020 as the valuation reference date, the book value of net assets of Times Semiconductor was RMB2,727.0903 million, the appraised value of total shareholders' equity interest was RMB3,261.7620 million, the appraised appreciation value was RMB534.6717 million and the appraised appreciation rate was 19.61%. The Employee Shareholding Platform agreed to subscribe for the new registered capital of Times Semiconductor at a price of RMB1.20806 per each RMB1 registered capital based on the appraised value of Times Semiconductor.

## PAYMENT OF CAPITAL CONTRIBUTION AND THE COMPLETION DATE

Pursuant to the Capital Increase and Share Expansion Agreement, the Employee Shareholding Platform shall pay RMB216.25 million to subscribe the capital increase of Times Semiconductor, among which RMB179.006 million will be paid to the registered capital of Times Semiconductor, and the remaining RMB37.244 million will be included in the capital reserve of Times Semiconductor.

The capital contribution will be paid by the Employee Shareholding Platform by way of cash contribution and the actual contribution of the Capital Increase shall be completed by 29 October 2021, including the subscribed registered capital and capital reserve.

## SHAREHOLDING STRUCTURE OF TIMES SEMICONDUCTOR

Set out below is the shareholding structure of Times Semiconductor before the Capital Increase and immediately after completion of the Capital Increase (assuming that during this period, there is no other change to the shareholding structure of Times Semiconductor):

Shareholders	Before the Capital Increase		After completion of the Capital Increase	
	Amount of capital contribution <i>(RMB ten thousand)</i>	Approximate shareholding percentage of Times Semiconductor <i>(%)</i>	Amount of capital contribution <i>(RMB ten thousand)</i>	Approximate shareholding percentage of Times Semiconductor <i>(%)</i>
The Company	270,000.00	100.00	270,000.00	93.78
The Employee Shareholding Platform	—	—	17,900.60	6.22
<b>Total</b>	<b>270,000.00</b>	<b>100.00</b>	<b>287,900.60</b>	<b>100.00</b>

## INFORMATION OF 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 OF TIMES SEMICONDUCTOR

Times Semiconductor is mainly engaged in research, development, production, and sales of power semiconductors and related products, providing related technical consultation, technical services and technology transfer, self-operated and agency products and technology import and export business (unless otherwise prohibited and restricted by national laws and regulations), site leasing, equipment leasing, general cargo transportation and warehousing.

## INFORMATION OF THE EMPLOYEE SHAREHOLDING PLATFORM

The purpose of the equity incentive scheme of Times Semiconductor (“**Equity Incentive Scheme**”) is to establish a long-term incentive mechanism for employees of Times Semiconductor. The scope of the participating employees of the Equity Incentive Scheme covers technology research personnel, operational management personnel and business core personnel who work in key positions in Times Semiconductor and have a direct or significant impact on the operating results and sustainable development of Times Semiconductor. As at the date of this announcement, there are 264 employees in total participating the Equity Incentive Scheme (the “**Participants**”), of whom no more than 5 directors, supervisors and other personnel of Times Semiconductor who are connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of Times Semiconductor (the “**Connected Participants**”).

To implement the Equity Incentive Scheme, the Participants established eight limited partnerships in the PRC (i.e. 株洲芯連接壹號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.1 Enterprise Management Partnership (Limited Partnership)\*), 株洲芯連接貳號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No. 2 Enterprise Management Partnership (Limited Partnership)\*), 株洲芯連接參號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.3 Enterprise Management Partnership (Limited Partnership)\*), 株洲芯連接肆號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.4 Enterprise Management Partnership (Limited Partnership)\*), 株洲芯連接伍號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.5 Enterprise Management Partnership (Limited Partnership)\*), 株洲芯連接六號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.6 Enterprise Management Partnership (Limited Partnership)), 株洲芯連接柒號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.7 Enterprise Management Partnership (Limited Partnership)\*) and 株洲芯連接捌號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.8 Enterprise Management Partnership (Limited Partnership)\*), respectively), being the limited partners of the Employee Shareholding Platform (the “**Limited Partners**”) collectively, and 株洲芯時代企業管理有限責任公司 (Zhuzhou Xinshidai Enterprise Management Co., Ltd.\*), a limited liability company, being the general partner of the Employee Shareholding Platform (the “**General Partner**”) jointly initiated and established a partnership with the business nature of limited partnership as the Employee Shareholding Platform. Upon completion of the Capital Increase, the Employee Shareholding Platform will hold the relevant capital contribution of Times Semiconductor (the “**Subject Equity**”). The rights and benefits of the Subject Equity will vest in the Employee Shareholding Platform upon completion of the Capital Increase.

The shareholding of the General Partner and the Limited Partners in the Employee Shareholding Platform is as follows:

Shareholders	Amount of subscribed capital contribution of the Employee Shareholding Platform (RMB yuan)	Approximate shareholding percentage of the Employee Shareholding Platform <sup>Note</sup>
<b>General Partner</b>		
株洲芯時代企業管理有限責任公司 (Zhuzhou Xinshidai Enterprise Management Co., Ltd.*)	1	0.00%
<b>Limited Partners</b>		
株洲芯連接壹號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.1 Enterprise Management Partnership (Limited Partnership)*)	35,035,000	16.18%
株洲芯連接貳號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.2 Enterprise Management Partnership (Limited Partnership)*)	33,203,170	15.34%
株洲芯連接參號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.3 Enterprise Management Partnership (Limited Partnership)*)	22,122,100	10.22%
株洲芯連接肆號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.4 Enterprise Management Partnership (Limited Partnership)*)	22,472,450	10.38%
株洲芯連接伍號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.5 Enterprise Management Partnership (Limited Partnership)*)	36,136,100	16.69%
株洲芯連接六號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.6 Enterprise Management Partnership (Limited Partnership)*)	21,921,900	10.13%
株洲芯連接柒號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.7 Enterprise Management Partnership (Limited Partnership)*)	22,122,100	10.22%
株洲芯連接捌號企業管理合夥企業(有限合夥) (Zhuzhou Xinlianjie No.8 Enterprise Management Partnership (Limited Partnership)*)	23,453,430	10.83%
<b>Total</b>	<b><u>216,466,251</u></b>	<b><u>100%</u></b>

Note: The numbers shown above are approximate numbers after rounding. Any discrepancies that may exist between the total number and the sum of the above items are due to the approximate numbers.

For the Employee Shareholding Platform, General Partner will execute partnership affairs and represent the enterprise externally. General Partner performs the daily affairs of the partnership, including handling the relevant approval procedures during the operation of the partnership, signing and performing the agreements related to the daily operation and management of the partnership, participating in the partnership meeting in accordance with the law to exercise the corresponding voting rights. Limited Partners shall not execute partnership affairs and shall not represent the limited partnership externally.

The equity interest in the Employee Shareholding Platform that the Participants subscribed for will be financed by the self-raised lawful funds of the Participants and other funds as permitted by the laws and regulations.

After the completion of the Capital Increase, the Subject Equity to be held by the Employee Shareholding Platform shall account for approximately 6.22% of the enlarged equity interest in Times Semiconductor, the equity interest in the Employee Shareholding Platform to be held indirectly by a single Participant (whether by holding the equity interest in the General Partner or the Limited Partners) shall not exceed 5%. In addition, the total equity interest in the Employee Shareholding Platform to be held indirectly by the Connected Participants (only by holding the equity interest in the Limited Partners, whether calculated individually or collectively) shall not exceed 5%.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the Connected Participants mentioned above, the Employee Shareholding Platform and its ultimate beneficial owners (including the General Partner, each Limited Partner and the Participants) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AND SHARE EXPANSION AGREEMENT**

The Company considers that the Capital Increase and introduction of the Employee Shareholding Platform by Times Semiconductor will help to establish a long-term incentive mechanism for employees of Times Semiconductor, further stimulate the vitality of talents in the power semiconductor industry, and form a virtuous cycle of common growth of Times Semiconductor and employees, so as to better promote the development of the power semiconductor business of the Group.

The Company further considers that the Capital Increase and Share Expansion Agreement and the transaction contemplated thereunder which was entered into on arm's length basis and on normal commercial terms and that the terms and conditions of the Capital Increase and Share Expansion Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

#### **LISTING RULE IMPLICATIONS**

As the Participants (and the Connected Participants) will only indirectly hold the equity interest in the Employee Shareholding Platform, by holding the equity interest in the General Partner or the Limited Partners (as the case may be), and have no control over the holding or disposal of the Subject Equity under the Employee Shareholding Platform and will not have direct ownership of any Subject Equity. The transaction contemplated under the Capital Increase and Share Expansion Agreement does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

Given that (i) upon completion of the Capital Increase, the Subject Equity to be held by the Employee Shareholding Platform shall represent approximate 6.22% of the enlarged equity interest in Times Semiconductor; (ii) none of the Connected Participants will hold, manage or control the General Partner, so as to have control over the business operations and affairs of the Employee Shareholding Platform; and (iii) the Connected Participants will only indirectly hold in aggregate no more than 5% of the equity interest in the Employee Shareholding Platform, by holding certain equity interest in the Limited Partners, the Employee Shareholding Platform is not an associate (as defined under the Listing Rules) of the Connected Participants. Accordingly, the Employee Shareholding Platform is not a connected person of the Company and the Capital Increase does not constitute a connected transaction of the Company.

As the transaction contemplated under the Capital Increase and Share Expansion Agreement will result in a reduction of the equity interest of the Company in Times Semiconductor from 100% to approximately 93.78%, the Capital Increase is therefore considered as a deemed disposal of the Company according to Rule 14.29 of the Listing Rules. As all applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase are less than 5%, the deemed disposal does not constitute a notifiable transaction for the Company and therefore is not subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. This announcement is made by the Company on a voluntary basis.

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

Zhuzhou, China, 24 September 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.*