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

(Stock Code: 3898)

INSIDE INFORMATION

THE MEDIUM AND LOW VOLTAGE POWER DEVICES INDUSTRIALISATION CONSTRUCTION PROJECT

This announcement is made by Zhuzhou CRRC Times Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that in view of the strategic development needs of the Group, the Company, through its controlling subsidiary, Zhuzhou CRRC Times Semiconductor Co., Ltd. (“**CRRC Times Semiconductor**”), proposed to invest in the Medium and Low Voltage Power Devices Industrialisation Construction Project (including the Medium and Low Voltage Power Devices Industrialisation (Yixing) Phase I Construction Project (the “**Yixing Sub-project**”) and the Medium and Low Voltage Power Devices Industrialisation (Zhuzhou) Construction Project (the “**Zhuzhou Sub-project**”) with a total investment amount of approximately RMB11,118.69 million, of which approximately RMB5,825.83 million and approximately RMB5,292.86 million for the Yixing Sub-project and the Zhuzhou Sub-project, respectively.

YIXING SUB-PROJECT

The entity for implementation of the Yixing Sub-project is proposed to be Yixing CRRC Times Semiconductor Co., Ltd. (“**Yixing Project Company**”) (provisional name, subject to the business registration of the company, which has not been established and will apply for business registration upon approval of the project), a wholly-owned subsidiary with a registered capital of RMB3,600.00 million proposed to be established and wholly-owned by CRRC Times Semiconductor. The proposed scope of business of Yixing Project Company includes the research and development, production and sale of power semiconductors and related products; provision of relevant technical consultation, technical services and technology transfer; self-operate and as agent in the import and export of commodities and technologies (except for those prohibited and restricted by national laws and regulations); leasing of premises; leasing of equipment; general cargo transportation; and warehousing (subject to final approval of registration). As at the date of this announcement, as Yixing Project Company has not been established, no relevant financial data is available.

The Yixing Sub-project is located in Yixing Economic Development Zone, Jiangsu Province, the People's Republic of China (the "PRC"), with an investment amount of approximately RMB5,825.83 million, which will be used for acquisition of approximately 369 mu of land, construction of a new factory and other buildings of approximately 116,380 square metres, and construction of a new 8-inch medium and low voltage component substrate production line and related ancillary facilities, with an estimated construction period of 24 months. Upon completion and commencement of production, the project will provide an additional annual production capacity of 360,000 pieces of 8-inch medium and low voltage component substrates (infrastructure and public facilities with an annual production capacity of 720,000 pieces). It is intended that the construction of subsequent new production capacity will commence as and when appropriate based on the construction progress of the project, market demand and the approval status of the relevant authorities. The products of the project will be mainly used in the field of new energy vehicles. The project will be financed by the self-owned and self-raised funds of CRRC Times Semiconductor.

ZHUZHOU SUB-PROJECT

The entity for implementation of the Zhuzhou Sub-project is proposed to be CRRC Times Semiconductor. CRRC Times Semiconductor is owned as to approximately 93.78% by the Company and approximately 6.22% by Zhuzhou Xinlianjie No. 0 Enterprise Management Partnership (Limited Partnership)* (a limited partnership established in the PRC), which serves as an employee shareholding platform of CRRC Times Semiconductor. CRRC Times Semiconductor has a registered capital of RMB2,879.006 million and its scope of business includes the research and development, production and sale of power semiconductors and related products; provision of relevant technical consultation, technical services and technology transfer; self-operate and as agent in the import and export of commodities and technologies (except for those prohibited and restricted by national laws and regulations); leasing of premises; leasing of equipment; general cargo transportation; and warehousing (projects subject to approval according to law can be operated only after being approved by relevant departments). As at or for the year ended 31 December 2021, CRRC Times Semiconductor's audited total assets amounted to RMB4,110.4173 million, total liabilities amounted to RMB1,065.0785 million, net assets amounted to RMB3,045.3388 million, revenue amounted to RMB1,310.4376 million and net profit amounted to RMB124.5914 million.

The Zhuzhou Sub-project is located in the Rail Transit Industrial Park in Zhuzhou City, Hunan Province, the PRC, with an investment amount of approximately RMB5,292.86 million, which will be used for acquisition of approximately 266 mu of land, construction of a new factory and other buildings of approximately 78,740 square metres, and construction of a new 8-inch medium and low voltage component substrate production line and related ancillary facilities, with an estimated construction period of 24 months. Upon completion and commencement of production, the project will provide an additional annual production capacity of 360,000 pieces of 8-inch medium and low voltage component substrates, which will be mainly used in the fields of new energy power generation, industrial control and home appliances. The project will be financed by the self-owned and self-raised funds of CRRC Times Semiconductor.

REASONS FOR AND BENEFITS OF IMPLEMENTING THE MEDIUM AND LOW VOLTAGE POWER DEVICES INDUSTRIALISATION CONSTRUCTION PROJECT

The Directors (including the independent non-executive Directors) have considered the necessity and feasibility of implementation of the Medium and Low Voltage Power Devices Industrialisation Construction Project, including but not limited to that (1) the implementation of the above project can effectively enhance the Group's production capacity of medium and low voltage component substrates and medium and low voltage modules, facilitate the domestic production of relevant products, which is in line with the industry policies and industry development trend and will help the Group to capture market opportunities and enhance its sustainable development capability; (2) the above project has the basic conditions for implementation, and upon completion of the project, it will form a comprehensive production chain for the industrialisation of component products together with the Group's existing production bases, and then establish a large-scale production base for the industrialisation of power and electronic products, covering high voltage and medium and low voltage chips and modules, which is in line with the Group's own strategic development needs; (3) the products of the Yixing Sub-project will be mainly used in the field of new energy vehicles, and the products of the Zhuzhou Sub-project will be mainly used in the fields of new energy power generation, industrial control and home appliances. The products of the two sub-projects have huge market demand which provide market support for the implementation of the above project; (4) in view of the expected explosive growth of the medium and low voltage component market, the Group's existing production capacity will not be sufficient to cover the long-term market demand. Considering that the time span between the construction and mass production of the new chip production line will be 30 months, in order to ensure that CRRC Times Semiconductor maintains its leading position in the industry, it is necessary to plan ahead and implement the chip production capacity enhancement plan to strengthen its competitive advantage in the market; and (5) the above project is a newly constructed project with reasonable engineering, construction and technical solutions to meet the production requirements and ensure the smooth implementation of the above project.

In view of the strategic development needs of the Group and in order to capitalise on the opportunity of national energy transition and upgrade and develop advantages in the industrial chain, the Group proposed to implement the Medium and Low Voltage Power Devices Industrialisation Construction Project to increase the production capacity of medium and low voltage component substrates and increase the sales revenue of medium and low voltage component substrates, thereby generating a positive impact on the Group's results in the future. The Directors (including the independent non-executive Directors) are of the view that the implementation of the above project will help to enhance the production capacity of the Group's products and further strengthen and improve the Group's market position and strengthen the Group's core competitiveness, which is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Medium and Low Voltage Power Devices Industrialisation Construction Project does not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules. If the Company is required to make any further disclosure under the Listing Rules during the implementation of the above project, the Company will make further announcement(s) as and when appropriate and/or comply with the relevant requirements (if applicable).

According to the articles of association of the Company, matters relating to the Company's venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment and other transactions within one year that exceed 30% of the Company's latest audited net assets are subject to approval by the shareholders at the general meeting of the Company. As the total investment amount of the Medium and Low Voltage Power Devices Industrialisation Construction Project exceeds 30% of the latest audited net assets of the Company, the project shall be subject to approval by the shareholders at the general meeting of the Company according to the articles of association of the Company.

The Directors (including the independent non-executive Directors) are of the view that as the above project will be financed by the self-owned and self-raised funds of CRRC Times Semiconductor, and given the relatively long construction period of the above project, CRRC Times Semiconductor will implement the project in phases in accordance with the construction plan of the project, which is not expected to affect the normal operation of the Group's existing business and will not have any adverse impact on the financial position, production and operation of the Group, nor will it have any material impact on the operating results of the Group in the short term. None of the Directors has any material interest in the Medium and Low Voltage Power Devices Industrialisation Construction Project. A meeting of the Board was convened, at which the Directors (including the independent non-executive Directors) unanimously passed the resolution in relation to the Medium and Low Voltage Power Devices Industrialisation Construction Project.

The implementation of the Medium and Low Voltage Power Devices Industrialisation Construction Project is subject to approval by the shareholders of the Company. A circular containing further details of the Medium and Low Voltage Power Devices Industrialisation Construction Project and a notice convening an extraordinary general meeting to approve the implementation of the Medium and Low Voltage Power Devices Industrialisation Construction Project are expected to be despatched to the shareholders of the Company in due course.

The Board wishes to emphasise that the implementation of the Medium and Low Voltage Power Devices Industrialisation Construction Project is subject to prior approval procedures for land acquisition, project initiation, environmental impact assessment and construction permit, as well as consideration and approval by the shareholders at the general meeting of the Company. The implementation of the above project may be delayed, changed, suspended or even terminated due to circumstances such as adjustment of relevant national or local policies, changes in project approval and other implementation conditions. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Zhuzhou, China, 22 September 2022

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.

* For identification purpose only